

## Clinton Makes Confident Pitch To Senate for a Bigger NATO

But, in a Surprise Move, Legislators Postpone Vote To Approve Enlargement

WASHINGTON — President Bill Clinton made a renewed pitch Friday for the Senate to approve NATO's expansion next year into Central Europe.

"The admission of Poland, Hungary and the Czech Republic will be a very important milestone in building the kind of world we want for the 21st century," Mr. Clinton said in an East Room ceremony attended by top national security aides, military leaders and key senators.

"We can bring Europe together not by force of arms but by possibilities of peace," Mr. Clinton said.

"That is the promise of this moment, and we must seize it."

But the Senate, which had been expected to approve the NATO expansion in a vote next week, abruptly postponed consideration of the plan barely an hour after Mr. Clinton spoke.

The Senate majority leader, Trent Lott of Mississippi, attributed the postponement partly to what he called delaying and blocking tactics by Mr. Clinton and Senate Democrats on other, unrelated pieces of legislation.

Furthermore, Mr. Lott said, a growing number of senators had urged him to put off action until after the Senate returned from its spring recess.

"This is a major foreign policy initiative, and I don't want to ram it through the Senate," Mr. Lott said after the surprise postponement.

In his earlier remarks, Mr. Clinton had said that "a final decision is at hand." He said the Senate vote would be a historic affirmation of the United States' commitment to Europe.

Some senators had been urging that the legislation include a provision that would stop, at least temporarily, additional new members after Poland, Hungary and the Czech Republic are admitted.

Mr. Clinton said this would be a mistake and contrary to the alliance's values.

See NATO, Page 5

## French Politics Jolted by Deals With Far Right

By Charles Trueheart  
Washington Post Service

PARIS — The French political landscape was jolted into extraordinary disarray Friday as trade members of center-right parties red electoral losses in regional elections by joining majority coalitions with the far-right National Front.

The budding movement to gather the extreme right under the mainstream umbrella of a center-right represents a major step in making front a legitimate force in French politics. In a way, it is now at a minor but symbolic level of new power — "a party of government," in the words of Bruno Megret, the deputy leader.

Prime Minister Lionel Jospin, a Socialist, said that "combinations" between the center-right parties and the National Front would be a danger to our democratic life, a blow to the image of France in Europe and in the world.

The March 15 elections left France's governing Socialists as the leading party in most of France's 22 mainland regions. But the brokering to elect presidents of the regions turned into a free-for-all Friday, as some center-right legislators broke with their leadership and won power by subscribing to a "minimum program" of policies dictated by the National Front.

The National Front played "kingmaker" in at least six of the assemblies, where five of the six elected presidents were suspended from their political group, the Union for French Democracy, Agence France-Press reported.

The five included a former defense minister, Charles Millon.

The National Front's attacks on immigration policy, which it links to crime and unemployment, and its leaders' open xenophobia and anti-Semitism have made it an anathema to France's mainstream parties and much of the French public.

Party leaders on the right described the deal-

See FRANCE, Page 5

## Europe Joins America in Golden Rush To the Market

By Tom Buerkle  
International Herald Tribune

LONDON — Whether it's New York or London, Frankfurt or Madrid, stock markets seem to go in only one direction these days.

Stock prices rose to record levels in most of those markets and across much of Europe on Friday. It was the latest installment in a dizzying bull run that has set records almost daily over the last two to four months, boosting prices by more than 11 percent in New York, about 20 percent in France and Germany and more than 30 percent in Spain and Italy.

And although many analysts believe a correction is likely and indeed welcome in the short term, the factors driving the markets look set to remain mostly positive for months to come.

Inflation and interest rates are hovering at or near postwar lows on both sides of the Atlantic, while economic growth in Europe is accelerating toward American levels. Corporate restructuring and cost-cutting is fueling the growth of company profits, more than offsetting the negative impact of the Asian economic crisis.

In Europe, the sale of private pension plans is booming, replicating the surge of mutual-fund investment from individuals that began driving Wall Street in the 1980s. And the approach of the single-currency is spurring cross-border investment and forcing companies to become more competitive and profitable.

"The story is all the same," said John Ross, a portfolio strategist at Fidelity Investments in London. "There is a much higher awareness of equity investment. The equity culture is increasing."

Peter Chambers, an equity strategist at HSBC James Capel in London, said, "If you have an environment where growth is reasonably robust, inflation is pretty slow, then you have a pretty good market outlook."

In that regard, analysts say, Asia's woes have been a boon to Western markets by helping to contain inflationary pressures, keep interest rates down and give a new lease on life to the six-year-old U.S. economic recovery.

The continued strong U.S. economic outlook



A Frankfurt trader pointing the way as the key index broke the 5,000-point barrier Friday.

has sustained Wall Street despite recent warnings from some technology companies that the Asian downturn would hit their profits.

Abby Joseph Cohen, co-chairman of investment policy at Goldman, Sachs & Co. in New York, says years of corporate restructuring, technology investment and the virtual elimination of the government's budget deficit had created "super-tanker America," an economy capable of growing smoothly despite the choppy waters of the global economy.

"Noteworthy structural improvements in the economy have developed gradually over many

See SHARES, Page 12.

### The Dollar

	Friday 4 P.M.	previous close
New York	1.8313	1.8323
DM	1.669	1.6685
Pound	1.3045	1.3057
Yen	6.136	6.141

### The Dow

	Friday close	previous close
Dow Jones	8908.43	8903.05
S&P 500	1099.18	1099.74

## Computers Take Wildness Out of Wildcatting

By Allen R. Myerson  
New York Times Service

HOUSTON — Designed for the world's hungriest, damn-the-expense devourers of data, the Auspex NS7000 computer server, costing more than \$1 million, can store the equivalent of a million 400-page novels for instant access.

The first one in this area went to NASA in 1995 for guiding space shuttles into the heavens. The next year, another was installed, at the

Zilkha Energy Co., for exploring under the Gulf of Mexico, miles into the earth's crust.

For Zilkha, such bets have paid off, proving that technology is taking the wildness out of wildcatting, the practice of exploring for energy in unlikely places.

Its success in finding oil and natural gas on the gulf's continental shelf, which was thought to be essentially played out, was certified beyond a doubt in January. Zilkha, just 12 years old, was sold to the energy company Sonat Inc. for \$1 billion.

Not bad for a company with just 65 employees, most of them on a single floor of a building in central Houston.

The casual, college-dorm camaraderie, the open setting with no private offices and the huge monitors on most desks are more typical of a software start-up.

It's a petroleum company, all right, but without roughnecks, rigs or corporate bureaucrats. It is, in other words, a virtual energy company.

See VIRTUAL, Page 15

### AGENDA

#### '96 Fire in Channel Tunnel Reported to Be Ruled Arson

LILLE, France (AFP) — Experts investigating the fire that severely damaged part of the Channel Tunnel in November 1996 have concluded that it was arson, sources said Friday.

In a report to the prosecutors' office of the northern city of Boulogne-sur-Mer, a group of experts said that the fire that nearly killed some 30 truck drivers and the train crew was "of intentional origin," according to the sources.

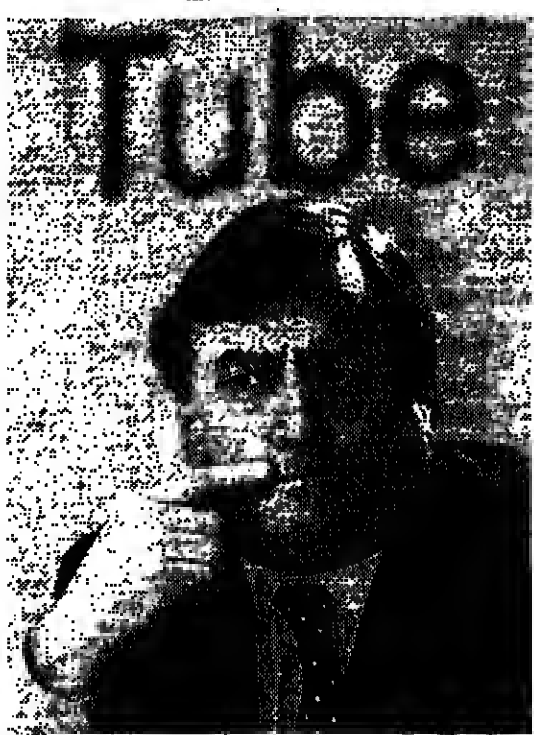
The blaze started on a truck aboard a railroad shuttle car shortly before it entered the tunnel from the French side and blocked the tunnel, filling it with noxious fumes.

Passengers in the club car at the front of the train had to be evacuated by French and British fire crews.

Five train cars and 15 trucks were either destroyed or heavily damaged.

There was no indication how the investigators concluded that the fire was arson.

Books .....	Page 3.
Crossword .....	Page 24.
Opinion .....	Page 6.
Sports .....	Pages 24-25.



TUBE NEWS — John Prescott announcing plans to better London's Underground. Page 2.

## Jakarta Appears to Drop Plan to Prop Up Currency

By Seth Mydans  
New York Times Service

JAKARTA — Indonesia's Finance Minister acknowledged Friday that a plan favored by President Suharto to peg the currency to the U.S. dollar was not realistic.

His statement appeared to remove one of the chief obstacles in discussions with the International Monetary Fund over disagreements that have stalled the release of \$40 billion in economic assistance.

"There aren't enough dollars available compared to the rupiah in circulation, so the peg isn't really workable," said the finance minister, Fud Bawazir, echoing the analysis of most foreign economists.

[The peg plan wasn't even on the table, as talks with the Fund in Jakarta entered a second day, Robert Neiss, the IMF's director for Asia and the Pacific, told Bloomberg News. The two sides were negotiating the release of a \$3 billion installment from the \$40 billion

loan that the IMF agreed to in January.]

At the same time, the government moved Friday to curb currency speculation by imposing a 5 percent tax on the purchase of foreign currency by individuals and companies.

Financial analysts said that making it more expensive to sell rupiah for dollars might deter speculators, but that it also would make foreign investors think twice before entering the Indonesian economy.

As Indonesia's economy has soured, with inflation rising and banks and businesses nearly paralyzed, Indonesian leaders have fixed their attention on the weakened currency, which has fallen by more than 70 percent since last summer.

For weeks, Indonesia has delayed the full implementation of economic reforms demanded by the Fund. Instead, it has flirted with the idea of establishing what is known as a currency board to

See INDONESIA, Page 15

## Hungary Sadly Reflects on the Continuing Drain of Its Big Brains

By Jane Perlez  
New York Times Service

BUDAPEST — He was a man of brilliant and diverse intellectual energy who discovered the nuclear chain reaction, went on to help develop the atom bomb and then tirelessly campaigned against it.

He soaked in the bath three hours a day, thinking up incredible inventions, needed his scientific colleagues with pious humor, and was so lazy that he refused to flush his toilet in his room at the University of Chicago in the 1940s, insisting that was "maid's work."

So, it was with ambivalent pride and a sense of lost glory that Hungary celebrated the centenary of Leo Szilard, who died in 1964. Mr. Szilard was

perhaps the most quixotic of the renowned physicists and mathematicians who were born and educated in Hungary but who fled, often, like Mr. Szilard, under the shadow of anti-Semitism, to the United States.

Hungarian scientists have had a deep impact on the 20th century. John von Neumann made fundamental contributions to quantum theory as well as the development of the atomic bomb and the high-speed electronic computer. Albert von Szent-Gyorgyi was credited with first isolating Vitamin C.

For a country of its population (10 million), Hungary has produced an inordinate number of Nobel Prize winners. Hungarians who became American citizens, including Mr. Szilard, Eugene Wigner and Edward Teller, played a major part in the Manhattan Project in World War II.

But few in this pantheon of Martians, a nickname spun from the scientists' superhuman intelligence and their unearthly Hungarian language, so keenly felt that the pursuit of science also carried political and personal responsibilities.

"The Hungarians have plenty of first-rate scientists and Nobel Laureates to celebrate," said Mr. Szilard's American biographer, William Lanouette, who was among those at the ceremonies in February. "Yet, Szilard alone personifies the moral and ethical responsibilities of science. He had the drive to foresee the social and political consequences of discovery."

Mr. Lanouette records in his book "Genius in the Shadows" how Mr. Szilard, at the start of the war, drafted the letter signed by Albert Einstein that urged President Franklin Roosevelt to speed up

work on the nuclear bomb before the Germans developed it; after the war, he spent much of his time trying to ease the arms race that he helped create.

With a combination of banter and logic, Mr. Szilard persuaded Nikita Khrushchev, the Soviet leader, that a hot line between the Kremlin and the White House was a good idea. During the Eisenhower and Kennedy years, he flooded the State Department with nuclear disarmament programs that were mostly rebuffed.

Sometimes his eccentricity produced breathtaking flights of fancy: He came up with the idea of electrifying barbets' chairs so that a man's hair would stand on end, allowing the barber to do a fast mowing job.

See HUNGARIANS, Page 5

The IHT on-line: www.iht.com  
Sponsored Section Pages 16-22  
Telecommunications in Emerging Markets

Newsstand Prices	
Atlanta	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Armenia	1.600 CFA Cote d'Ivoire
Bahamas	12.50 FF
Bahia	10.00 FF Saudi Arabia
Bahia	1.100 CFA Senegal
Bahia	2.800 Lire Spain
Bahia	1.250 CFA Tunisia
Bahia	1.250 JD U.A.E.
Bahia	700 FF U.S. M. (Eur.)





# Iraq, on Good Behavior, Puts Onus on UN Team

By Barton Gellman  
Washington Post Service

WASHINGTON — Nearly a month after Iraq made fresh promises of access for United Nations weapons inspectors, the Baghdad government by all accounts is living up to its word for now. The results, said American and British officials at the core of the special UN panel's support, are decidedly a mixed blessing for the inspectors.

In recent days, the UN Special Commission, or Unsc, conducted nine of the most sensitive surprise inspections in its seven-year history — and came up largely empty, according to accounts emerging from the Clinton administration and British government.

That is neither surprising nor alarming to those who focus on the technical side

of the cat-and-mouse game with Iraqi weapons scientists, but the absence of fresh evidence has not helped Unsc bolster its declining support in the Security Council and UN Secretary-General Kofi Annan.

Iraq's previous refusal to give inspectors entry to various "sensitive" and presidential sites — and its boycott of Scott Ritter, a U.S. inspector on the UN team often described in Iraqi propaganda as an American spy — touched off a crisis in January that led to the brink of military conflict. But Iraq backed off both positions in a Feb. 23 agreement with the UN secretary-general, Kofi Annan.

Diplomats in New York and Washington now say Iraq is on good behavior in hopes of killing the linked program of inspections and economic sanctions when it comes up for review in October.

To test Iraqi compliance, Mr. Ritter led an inspection team on March 8 into the new headquarters of the Iraqi Defense Ministry — an event that Deputy Prime Minister Tariq Aziz once said would be "an act of war." Not only was it the first time the facility had been inspected, but Mr. Ritter even surveyed Mr. Aziz's own office there, according to Clinton administration officials.

Mr. Ritter's team, which includes scientists and computer analysts who specialize in uncovering Iraqi concealment methods, made similar forays into offices of the Special Republican Guard and Special Security Organization, both run by President Saddam Hussein's younger son, Qusay. The executive chairman of Unsc, Richard Butler, said this week that before the Annan agreement the inspectors had been refused entry to more than one of the sites.

Mr. Butler portrayed Mr. Ritter's three-day mission as a precedent-setting expansion of the special panel's writ. The scope of inspections will broaden again from March 24 to April 6, when a special group of experts makes its first entrance to eight presidential sites covering 32 square kilometers (12 square miles) and 1,058 buildings. Diplomats will accompany inspectors on those visits.

In the past we've been blocked," Mr. Butler said in a televised interview.

"We were not. We met with a degree of cooperation that I think justifies figuring that maybe there is now a new spirit out there."

But the policies of the matter are otherwise. Unsc says it has not come close to ridding Iraq of its nonconventional weapons, but previous Unsc members in the Security Council and the Arab world are tired of supporting the inspections after seven inconclusive years.

Iraq has stonewalled, for example, on the details of its anthrax, botulinum and aflatoxin weapons, subjects that Unsc's last report called "unredeemed by progress."

In the face of pressures from Russia, France, China and the Arab League to wind down the inspections, aides to the UN secretary-general predicted trouble for Unsc and the Clinton administration if the inspectors fail to turn up a smoking gun soon.

## Kohl and Blair: Entente on Euro

The Associated Press

BONN — Chancellor Helmut Kohl of Germany and Prime Minister Tony Blair of Britain stressed their commitment Friday to safely inaugurating Europe's common currency, but they said the question of who should head the new European central bank remained open.

The leaders met for regular German-British talks on European affairs and hot spots such as Kosovo.

"We are committed to the same objectives and the same goals," said Mr. Blair, whose country holds the European Union's rotating presidency. He said that Britain, which will not join the currency for now, would play "a fully constructive part in launching the euro."

Mr. Kohl said that the two men discussed the European central bank. But he and Mr. Blair refused to go into details. "We will find a solution," Mr. Kohl said at a news conference with Mr. Blair.

Germany and most other EU nations favor the former Dutch central banker Wim Duisenberg as head of the Frankfurt-based European Central Bank, which is supposed to supervise the euro. France wants its own central bank governor, Jean-François Trichet, for the top job.

Mr. Kohl and Mr. Blair also stressed the importance of bringing in new EU members, which will enter talks March 31.

Later, Mr. Blair met with Mr. Kohl's challenger in the September federal elections, Gerhard Schröder, of the opposition Social Democrats, at the British ambassador's residence. They discussed ways to fight unemployment and whether British economic policies could serve as a model for Germany.

"We agreed that Europe must also become an institution that deals with improving the situation in the job market," Mr. Schröder said afterward.



Riot police removing an anti-nuclear demonstrator from the train tracks Friday at the northwest German town of Ahaus.

## Protest Fails to Stop German Trainload Of Nuclear Waste

Compiled by Our Staff From Dispatches

BONN — Riot police cut free protesters chained to tracks and bled back thousands of demonstrators trying to stop a train delivering nuclear waste to storage in northern Germany on Friday.

More than 30,000 police mounted one of Germany's biggest security operations since World War II to ensure that the six silver containers of spent fuel rods kept rolling from power stations in the south to the dump at Ahaus, north of Cologne.

Two casualties were reported: A border guard securing a track near the Bavarian city of Würzburg died overnight after being hit by a passenger train, and a police officer was slightly injured when a car broke through an autobahn checkpoint.

"It's just chaos," said Andre Obermeier, spokesman for an anti-nuclear group at Ahaus. He said the police had fired tear gas to disperse protesters and had brought up water cannon.

The police hauled away about 300 protesters sitting on a railroad line in Ahaus, but about 50 blocked the line. They used batons to break up a demonstration by about 100 ecologists in the center of the town, witnesses said.

About 400 protesters were detained around Ahaus. Witnesses saw four busloads of protesters being driven out of town. The size of the crowd was estimated at 6,000.

The police used riot shields to hold back demonstrators trying to get on the tracks at Ahaus, where the shipment was to arrive late Friday.

The police had set up a corridor 500 meters (1,640 feet) wide to keep demonstrators away from the containers on the final 12 kilometers (8 miles) of their journey.

The shipment of 60 tons of waste has fueled a political feud in an election year in Germany, which relies on nuclear power for nearly a third of its energy. Environment Minister Angela Merkel said moving nuclear waste was safe. She said cross-country rail shipments would be needed for years to come.

(Reuters, AP)

## A 'Third Way' to Rescue London's Tube

By T.R. Reid  
Washington Post Service

LONDON — It's the oldest underground railroad on the planet — and to be brutally frank, the London Underground often looks the part.

Whizzing, grumbling trains squeal to a stop at random points inside grimy tunnels and just stand there for a while, with no explanation offered to the passengers packed inside. Riders on the system's Northern Line — known to the tabloids here as the "Miserable Line" — are routinely warned to roll up the windows because of "hazardous dust in the tunnel." In some stations, the walls still show the grungy yellow brickwork erected when the Underground opened for business in 1863.

For the privilege of boarding this rolling relic with an "average scheduled speed" of 20.5 miles an hour (33 kilometers), Londoners pay the equivalent of \$2.20 for a basic ticket, far more than the fare for more comfortable systems like those in Paris or Washington.

The Labour party, with its close ties to the union employees of the system, has always opposed private ownership for the Underground, which carries about 2 million people a day. But Labour has also pledged to eliminate Britain's budget deficit over the next two years, and a huge expenditure on the Underground would almost surely shatter that promise.

And so Mr. Prescott said the government would try a different way — a "third way" — to finance the improvement plan.

Still vague on the details, the proposal calls for a public-private partnership, with a public entity running the trains but private companies given some interest in tracks, rolling stock, signals, and the like. The private companies would put up the billions needed for repairs, and then charge rent to the public transit authority.

One private company, Railtrack, which owns the track of Britain's national rail system, said it would consider taking part in the venture.

Such "third way," or partnership arrangements, are central to Mr. Blair's overall "New Labour" philosophy, which is an effort to meld Labour's traditional government-oriented principles with the profit-minded, entrepreneurial zeitgeist of end-of-the-century Britain.

Tube riders Friday welcomed the idea that something would be done to improve their commutes, but they feared that cutting deals with the private sector would lead to even higher fares on a system that is already the most costly in Europe.

"If the private companies are expected to put up the billions of pounds in advance, they're going to take their money back in the form of higher fares," said Sir Allan Greencross, head of a transit passengers' advocacy group.

And so Mr. Prescott said the gov-

## BRIEFLY

### Kosovo Talks Likely

PRISTINA, Yugoslavia — Belgrade expects to start talks with the Kosovo Albanians by midweek despite rejecting their demands for international mediation, Information Minister Radmila Milentijevic said Friday.

Fehmi Agani, a senior adviser to the Democratic League of Kosovo, the main ethnic Albanian party, told a Belgrade television station that "the international community's insistence is such that the beginning of dialogue cannot be delayed for long." The party is under pressure from its Western allies to drop demands for Kosovo's independence from Serbia, and to concentrate on seeking autonomy for the southern province. (Reuters)

### New Summit Venue

MOSCOW — President Boris Yeltsin's summit meeting with Chancellor Helmut Kohl of Germany and President Jacques Chirac of France, due to be held March 26 in the Urals city of Yekaterinburg, has been switched to Moscow, Inter-Tass reported Friday.

Mr. Yeltsin, 67, resumed work in the Kremlin on Friday after spending a week at a residence outside Moscow, recovering from a chest infection that had put the meeting in doubt. (AP)

### For the Record

Strobe Talbott, deputy U.S. secretary of state, chided Europe on Friday for keeping Turkey out of the European Union, saying the West should help Ankara make "the right choices" by showing that Turkey's future lies "with us."

Prime Minister Poul Nyrup Rasmussen of Denmark will present his shuffled coalition cabinet Monday, government sources said Friday. (Reuters)

## TRAVEL UPDATE

### Channel Strike Ends

CALAIS, France (AP) — Ferry workers protesting the planned abolition of duty-free shopping within the European Union in 1999 lifted a blockade of roads to the Channel tunnel Friday after five hours.

The strikers also blocked the port, and ferries were either canceled or diverted. The workers are worried that the end of duty-free sales on the ferries will lead to job losses.

The strike caused chaos for people trying to take vehicles across the Channel. (AP)

The Greek island of Mykonos known for its noisy night life, has put a moratorium on new bars.

Fierce winds in Japan canceled or postponed flights and knocked over power lines Friday. Winds of up to 100 kilometers an hour (62 miles) were recorded in Tokyo.

## Correction

An article Thursday on the effect of culture on airline safety contained an incorrect reference to Air India. Indian Airlines should have been listed as having had seven crashes in the last decade. Air India has had no fatal crashes in the last decade.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

William Willey eventually found the Jones case when he was in the White House in 1994. He is now a senior adviser to the president.

## RELIGIOUS SERVICES

### AMSTERDAM

CROSSROADS INTERNATIONAL CHURCH (interdenominational & Evangelical Sunday Service 10:00 a.m. & 11:30 a.m./Kids Welcome, De Ceuvelstraat 3, 5, Amsterdam Info: 020-411 8812 or 020-4451 663.

### FRANCE/TOULOUSE

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

### FRENCH RIVIERA/CÔTE D'AZUR

NICE: Holy Trinity (Anglican), 11 rue Bala, Sun, 11:00 a.m. Tel: 04 93 87 19 83.

### FRANKFURT

English Speaking International Catholic Parish, St. Leonhard, Alte Mainzer Gasse 9, 60311 Frankfurt, Germany. Tel: 069-2501777. Mass schedule: Saturday 5 p.m., Sunday: 10 a.m. Concessions: 12 hours before Mass.

### PARIS AND SUBURBS

EMMANUEL BAPTIST CHURCH - 50, rue des Bons-Enfants, 92500 Neuilly-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday: 10:00 a.m. Tel: 01 47 51 29 83/01 47 49 15 29 or http://www.geocities.com/Paris/Metro/1352.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Garonne, Toulouse, Sunday service 9:30 a.m. Tel: 05 62 74 11 55.

### WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun, 10 a.m. Family Eucharist, Frankfurter Strasse 3, Wiesbaden, Germany. Tel: 49-611-308874.

### THE EPISCOPAL CHURCHES OF EUROPE (Anglican)

PARIS AND SUBURBS

THE AMERICAN CATHOLIC OF THE HOLY TRINITY, Sun, 9 a.m. & 11 a.m. Sunday School for children and Nursery care, Third Sunday 9 a.m. Evensong, 23, avenue George V, Paris 75008. Tel: 33-01 53 23 84 00. Mosaic: George V or Alma Marceau.

### FLORENCE

ST. JAMES' CHURCH, Sun, 9 a.m. & 11 a.m. & 11 a.m. Rite & Vespers. Tel: 39-055 24 44 17.

### FRANKFURT

CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun, Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Suburban Rite St. 22, 60323 Frankfurt, Germany, U1, 2, 3. Mosaic: Altes Tel: 49-69 55 01 84.

### GENEVA

EMMANUEL CHURCH, 1st & 3rd Sun, 10 a.m. Eucharist; 2nd & 4th Sun, Morning Prayer, 3 rue de Montmorency, 1201 Geneva, Switzerland. Tel: 41-22 738 80 78.

### MUNICH

THE CHURCH OF THE ASCENSION, Sun, 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seyboldstrasse 4, 81545 Munich (frankfurt), Germany. Tel: 49-89 64 81 85.

### ROME

ST. PAUL'S WITHIN-THE-WALLS, Sun, 8:30 a.m. Holy Eucharist Rite II 10:30 a.m. Choral Eucharist Rite II 10:30 a.m. Church School for children & Nursery care provided; 1 p.m. Spanish Eucharist, Via Napoli 58, 00184 Rome. Tel: 39-6 488 3339 or 39-6 474 3368.

ALL SAINTS' CHURCH, 1st Sun, 9 & 11:15 Holy Eucharist. All other Sundays: 11:15 Holy Eucharist and Sunday School, 563, chaussée de Louvain, Ohain, Belgium. Mail: 01, rue Colonne, 1410 Waterloo, Tel: 32-2 384 3559.

BRUSSELS/WATERLOO

ALL SAINTS' CHURCH, 1st Sun, 9 & 11:15 Holy Eucharist. All other Sundays: 11:15 Holy Eucharist and Sunday School, 563, chaussée de Louvain, Ohain, Belgium. Mail: 01, rue Colonne, 1410 Waterloo, Tel: 32-2 384 3559.

BRUSSELS/WATERLOO

BRUSSELS/WATERLOO

### NICE - FRANCE

I.B.C. 13 rue Vernier, English service, Sunday evening 10:30, pastor Roy Miller - Tel: (04 93) 24 92 61.

ST. PAUL DE VENCE - FRANCE

St. Paul de Vence - France I.B.C., Espace St. Claire, Level "D", 06100 St. Paul de Vence, France. Tel: (04 93) 24 92 61.

### PRAGUE

I.B. FELLOWSHIP, Vinohradska 68, Prague 3, Sun, 11:00. Tel: (02) 311 7974.

### WATERLOO

WATERLOO BAPTIST FELLOWSHIP, Sun, 10:00 at Swedish Church, across from MacDonalds, Tel: (02) 353 1585.

### ZURICH - SWITZERLAND

I.B.C. of Zürich, Ghelstrasse 31, 8003 Ruschlikon, Switzerland. Sunday service 10:30. Tel: 41-01-4610018.

### ASSOC. OF INT'L CHURCHES

BERLIN

AMERICAN CHURCH IN BERLIN, cor. of Clay Alley & Potsdamer Str., S.S. 920 a.m., Worship 11 a.m. Tel: 030-6122221.

### GENEVA

EV. LUTHERAN CHURCH 20 rue Verdanne, Sunday worship 9:30 in German 11:00 in English. Tel: (022) 310.5039.

### JERUSALEM

LUTHERAN CHURCH of the Redeemer, Old City, Western Hill, English worship, Sun, 9 a.m. All are welcome. Tel: (02) 6281-049.

### PARIS

AMERICAN CHURCH IN PARIS, Worship 11:00 a.m. 85, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marcou or Invalides.

### ZURICH

INTERNATIONAL PROTESTANT CHURCH English speaking, worship services, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengraben 25, Tel: (01) 2625525.

## WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Europe: Dry and cold from the central and northern parts to the Midwest. Sunday mostly dry with a few clouds. Monday and Tuesday, partly cloudy. Tuesday, dry and sunny, with some sun. Sunday mostly dry and sunny. Monday and Tuesday, partly cloudy. Tuesday, dry and sunny, with some sun.

North America: Dry and cold from the central and northern parts to the Midwest. Sunday mostly dry with a few clouds. Monday and Tuesday, partly cloudy. Tuesday, dry and sunny, with some sun.

Asia: Dry and cold from the central and northern parts to the Midwest. Sunday mostly dry with a few clouds. Monday and Tuesday, partly cloudy. Tuesday, dry and sunny, with some sun.

Legend: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, snow, hail, fog, mist, drizzle, ice, wind.

Maps, forecasts and data provided by AccuWeather, Inc. ©1998 - http://www.accuweather.com

One of the few predictable elements of travel.

The Leading Hotels of the World

Over 300 of the World's finest hotels in 68 countries.

Your Host Today

GRAND HOTEL FLORENCE, ITALY

850 Third Avenue, New York, N.Y. 10022-6275, USA

7/7 Malaysia Bldg, 50 Gloucester Rd, Orchard, Hong Kong

Fax: +852 2922 1199, Tel: +852 2922 1171

E-Mail: subs@lhw.com, subs@lhw.com - Internet: www.lhw.com

Offer valid for new subscribers only.

## A two-month trial subscription. Save up to 60%

Try a special, low cost 2-month trial subscription to the International Herald Tribune to enjoy delivery to your home or office every morning AND save up to 60% off the newsstand price.

COUNTRY/CURRENCY	2 MONTHS NEWSSTAND PRICE	2 MONTHS OFFER PRICE	DISCOUNT OFF COVER PRICE
AUSTRIA	1.45	650	55%
BELGIUM/LUXEM.	3.30	1,350	60%
DENMARK	1.45	650	55%
FINLAND	1.22	310	50%
FRANCE	5.70	210	60%
GERMANY	1.22	72	90%
GREY BRITAIN	47	22	53%
HONG KONG	72	300	58%
ITALY	145.00	58,000	60%
JAPAN	20.00	72	100%
MALAYSIA	132	120	10%
NETHERLANDS	1.75	78	90%
NORWAY	1.00	350	60%
SINGAPORE	1.01	87	29%
SPAIN	11.70	5,000	57%
SWEDEN	8.92	140	84%
SWITZERLAND	1.66	66	60%
UNITED STATES	1.48	82	45%

FOR OTHER COUNTRIES, PLEASE CONTACT YOUR NEAREST NEWSSTAND.



## \$275,000 Debt Saddled Willey As She Tried To Sell Story

By Jill Abramson  
and Don Van Natta Jr.  
New York Times Service

WASHINGTON — Kathleen Willey's severe financial problems began closing in on her last summer. Since her husband committed suicide in 1993, Mrs. Willey has inherited many of his debts, including a \$274,500 judgment that she was ordered to pay in June, court records show.

It was shortly thereafter that Mrs. Willey and her lawyer, Daniel Gecker of Richmond, Virginia, began exploring ways that she could make money by selling her account of an unwanted sexual advance by President Bill Clinton that she said occurred in November 1993, according to Mr. Gecker and others.

It remains unclear whether Mrs. Willey's deep debt influenced her decision to reveal the details of a meeting with the president just outside the Oval Office. But since she went public with her accusations on national television on Sunday night, her financial situation and her credibility have come under scrutiny.

In recent months, Mrs. Willey's lawyer spoke many times with a Beverly Hills, California, publisher, Michael Viner, who specializes in celebrity tell-all books.

Mr. Gecker also said he had been approached by The Star, a tabloid newspaper that in 1992 published Jennifer Flowers's story of an affair she said she had with Mr. Clinton.

According to Mr. Viner and Phil Bunton, The Star's editor in chief, Mr. Gecker was seeking \$300,000 for his client's story — almost the same sum as Mrs. Willey's debt.

Mr. Bunton said "Gecker mentioned the debt," in discussions with The Star. But the tabloid was not interested in paying Mrs. Willey so much for her story.

"We didn't think her story was worth more than \$50,000," Mr. Bunton said, "but Gecker would not budge from the \$300,000 figure."

Mr. Gecker disputed the figures cited by them. Mrs. Willey's talks with The Star were first disclosed by The New York Daily News on Thursday. Mr. Viner said he, too, was unwilling to meet Mr. Gecker's asking price.

Mr. Gecker angrily denied suggestions by the president's lawyers that Mrs. Willey's account had been motivated by a possibly lucrative book deal. And Mr. Gecker pointed out that she was not paid for her widely watched interview Sunday night with the "60 Minutes" television program.

As Mrs. Willey faced growing financial pressure last year, a legal crisis loomed.

She had been swept into the Paula Jones sexual misconduct case against the president. In January 1997, Mrs. Jones's lawyers had received an anonymous call from a woman who outlined the details of Mrs. Willey's story: an unwanted sexual advance from the president, a husband who had committed suicide. The Jones team quickly identified her and subpoenaed her in August.

For months, Mrs. Willey fought the subpoena. Mr. Gecker said his client wanted to preserve her privacy.

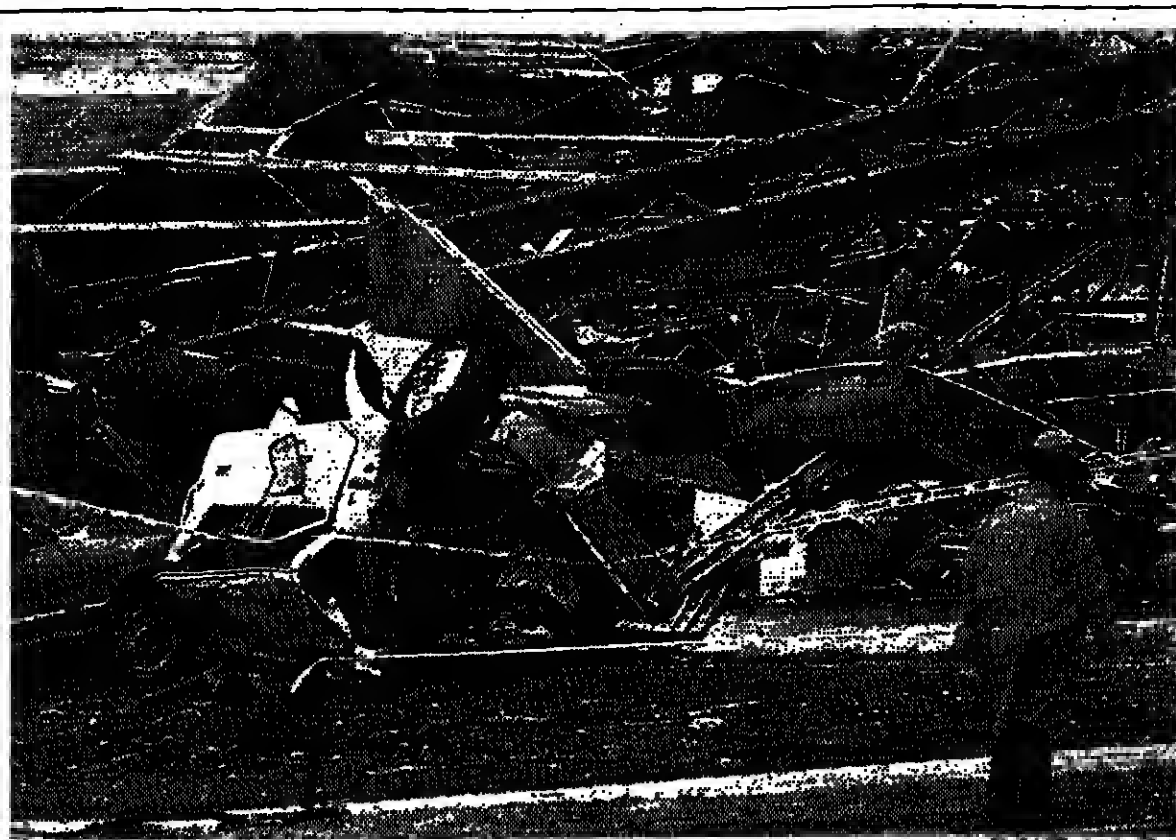
The account Mrs. Willey eventually gave under oath in the Jones case when she was deposed on Jan. 11 — that Mr. Clinton had made an aggressive, unwanted sexual advance during a meeting with her at the White House in November 1993 — has now become an important part of both the Jones case and Kenneth Starr's criminal investigation of sex and cover-up accusations involving Mr. Clinton.

But since Mrs. Willey appeared on "60 Minutes," her credibility and motives have come under assault from the White House.

"We were never motivated by money," Mr. Gecker said. "She told the truth — period."

He acknowledged talking with Mr. Viner and The Star in recent days and weeks. But he denied that he had insisted on \$300,000 from the publishing house or the tabloid, saying it was "not enough" to rescue Mrs. Willey from her financial woes.

"We would never have considered selling her story for \$300,000 because \$300,000 would do her no financial good," Mr. Gecker said. "It would be better for her to declare bankruptcy and discharge the \$300,000 debt than write a story and receive only \$300,000."



**TWISTER'S WAKE** — An official inspecting the wreckage of Lanier Elementary School, Georgia, on Friday after a tornado struck. Authorities said at least 7 persons had been killed and 70 injured.

### Away From Politics

• A national panel of educators has sought to calm the furor over how reading is taught by endorsing approaches that blend rote drills in phonics with creative exercises to kindle a child's interest in books and stories. The panel, convened by the National Research Council, also said that schools need serious academic reforms and better teachers to improve the literacy of students, especially during their pivotal first few years in the classroom. (WP)

• The keepers of the public schools in New York City have decided that elementary school students will learn more and be better behaved if they all dressed alike. The board of education for the nation's largest school system voted unanimously to require that about 500,000 elementary students must wear uniforms. In response to heated objections, however, the seven-member board gave parents considerable leeway in skirting the dress code and granted individual schools the option of rejecting it altogether. (WP)

• The flu is loosening its grip. The Centers for Disease Control and Prevention said 27 states still had outbreaks of flu through March 7 after a peak of 46 states last month. (AP)

• Jose Medina, 54, a man involved in a plot to extort \$40 million from the comedian Bill Cosby, has been sentenced in New York to more than five years in prison. (AP)

## Widower Loses Secondhand Smoke Suit

The Associated Press

MUNCIE, Indiana — A jury has decided that the tobacco industry is not liable in the cancer death of a nonsmoking nurse exposed to secondhand smoke at a veterans hospital.

The jury of six nonsmokers said Thursday that cigarettes were not a defective product and that their makers were not negligent for failing to tell people that secondhand cigarette smoke was dangerous.

Philip Willey was seeking at least \$13.3 million in compensatory damages from six tobacco companies and two industry groups for the 1991 death of his wife, Mildred.

The jury also could have recommended millions more in punitive damages.

The lawsuit, which was tried in Delaware County Court, was believed to be the first of its kind to reach trial.

About 100 similar cases, in which an individual's death is attributed to secondhand smoke, are pending in the nation's courts.

Mrs. Willey, 56, died a month after she was diagnosed with lung cancer.

Her husband said that she had inhaled smoke constantly during her 17 years as a nurse in the psychiatric ward of the U.S. veterans hospital.

The sequestered jury deliberated about 19 hours over two days.

## Chairman Cites 'Serious' Snag In Korea Talks

The Associated Press

GENEVA — Korean peace talks hit "serious difficulties" Friday, with the Chinese chairman scheduling an extra session so that delegations could receive instructions from their governments.

The South Korean spokesman, Oh Il Son, said the North Korean delegation had requested the delay. "We don't know anything about it," Mr. Oh said.

Chen Jian, chairman of the talks, declined to single out any delegation, but said, "We need flexibility on all sides." He contended that the consultations were needed because "we have gone so far that without clear instructions we cannot agree."

Besides the Koreans and China, the talks also involve the United States. All four countries were the main combatants in the 1950-53 Korean War. The talks are aimed at drafting a peace treaty to replace the armistice that has been in effect since the fighting ended.

Mr. Chen said he was trying to get approval for an accord that would include the structure of the negotiations, with a subcommittee to handle detailed talks.

"We came across serious difficulties about whether we should break up this session without any agreement, or whether we should try to solidify ones we have been working on," he said.

Before the afternoon meeting, the head of the North Korean delegation, Kim Gye Gwan, said he was not optimistic about the outcome of the session.

Earlier, a U.S. official said a key sticking point was the North Korean insistence that the agenda include the withdrawal of the United States 37,000 troops in South Korea.

## Independent Counsel Named for Interior Chief

WASHINGTON — A three-judge federal court panel appointed a veteran Washington trial lawyer, Carol Elder Bruce, as independent counsel to determine whether Interior Secretary Bruce Babbitt lied to Congress about his department's 1995 rejection of a proposed Indian gambling casino in Hudson, Wisconsin.

It was the first such appointment stemming from congressional and Justice Department investigations of alleged campaign financing abuses in the 1996 Democratic presidential campaign. Tribes opposed to the casino as a threat to their own gambling profits gave more than \$350,000 to Democrats for the 1996 campaign, most of it after the casino application was denied.

Sworn in Thursday at a closed ceremony in the U.S. courthouse here, Ms. Bruce said in a brief statement that she was honored by the assignment and would begin work immediately "with the goal of thoughtfully and expeditiously" discharging her responsibilities. Mr. Babbitt said in a written statement that Ms. Bruce "can expect full cooperation from me."

A former federal prosecutor once targeted for assassination in the case of a renegade ex-CIA officer, Ms. Bruce added that she did not expect to make any further public comments until the investigation was completed. (WP)

## Votes to Succeed Gingrich Are There, Louisianan Says

WASHINGTON — Representative Robert Livingston says that he has the votes to become speaker of the House although the current speaker, Newt Gingrich, has yet to relinquish the job. The remark by Mr. Livingston, Republican of Louisiana, who heads the House Appropriations Committee, infuriated many of his colleagues, both because they have yet to hear from Mr. Gingrich that he is leaving to run for president in

## Quote/Unquote

Senator Joe Biden, Democrat of Delaware, after colleagues voiced concern about antagonizing Moscow by admitting three new countries to NATO and possibly others later, including the Baltic states, thus forming an "iron ring" around Russia: "I find this absolutely astounding! Are my friends suggesting that the Russians were justified in marching into Latvia, Estonia and Lithuania and annexing them in the name of preventing a ring from surrounding them?" (NYT)

2000 and because if he does they might have designs on the job themselves.

Mr. Livingston said that after campaigning for four weeks he had all but wrapped up the race, and appeared at one point to threaten retribution against any lawmaker who challenged him.

"I can make it very uncomfortable for anybody who seeks to get the votes," Mr. Livingston said. "I've already got most of the votes sewed up."

Moments later, Mr. Livingston was expressing regret and trying to grab the words from thin air and shove them back into his mouth. "I meant only to say, I can impress upon people who might run against me that they do have much of a chance," Mr. Livingston said. "I have no intention of using my job to pressure people."

Livingston said he had commitments so far from "80-plus" lawmakers, short of the 114 he would need to lock up the race if an election were held today.

His brazen campaign to succeed Mr. Gingrich has angered many Republicans, who say Mr. Livingston's declaration was both presumptuous and premature.

A spokeswoman for Representative Dick Armey of Texas, the majority leader and Mr. Livingston's chief rival for the speaker's job, expressed alarm at Mr. Livingston's remarks. "That sounds like a comment that a lot of members would read as a threat," said the spokeswoman, Michele Davis. (NYT)

## BOOKS

### THE CONFEDERATES IN THE ATTIC: Dispatches From the Unfinished Civil War

By Tony Horwitz. 432 pages. \$27.50. Pantheon.

Reviewed by Jonathan Yardley

THAT Americans know ever less about the world's history and their own is a truism by now. In an age when dueling down is rarely vilified and often encouraged. Still, it is hard not to be taken back by Tony Horwitz's account of a visit to Fort Sumter, in South Carolina, where tourists were greeted by a Park Service ranger named Joe McGill.

"Mostly the fort attracted ordinary tourists," Horwitz writes, "many of whom possessed a muddled grasp of American history. Visitors often asked McGill why he

didn't mention the 'Star-Spangled Banner.' He had to explain that the national anthem was composed during the shelling of a different fort in a different conflict: Baltimore's Fort McHenry in the War of 1812. Others asked whether it was true that John Brown fired the first shot at the fort. They were thinking of the abolitionist's raid on Harpers Ferry, 18 months before the attack on Sumter. 'One guy even asked me why so many Civil War battles were fought on national parks,' McGill said.

This pervasive ignorance being an inescapable reality, it is all the more amazing that the Civil War still retains, a century and a half after the last shot was fired, a central place in the American consciousness and still stirs deep, at times ardent and angry, emotions.

Horwitz, a writer for The Wall Street Journal and a

Civil War buff since early boyhood, found himself wondering about the war's enduring presence after a gang of war re-enactors passed by his house in northwestern Virginia. He decided "to spend a year at war, searching out the places and people who keep memory of the conflict alive in the present day," which "dictated" a Southern strategy "since most of the war took place south of the Mason-Dixon Line."

The project ended up consuming considerably more time than Horwitz anticipated, but the final result turns out to be more than worth the effort.

"Confederates in the Attic" is a big mixed bag of a book, hilariously funny at times, poignant and sad at others, that manages to get a pretty firm grip on how, if not why, the war still remains an obsession with so many. If by this hour in American history

most of those thus afflicted are at or near the margins—a point Horwitz makes by showing rather than telling—it remains that their numbers are considerable and their voices, Lord knows, are loud.

"Everywhere," Horwitz writes, "it seemed, I had to explore two pasts and two presents: one white, one black, separate and unreconcilable."

Whether this points more to the specific grievances of those with whom he talked or to a larger social condition is not clear, but it is depressing.

Washington Post Service

**NEW AUTHORS**  
PUBLISH YOUR WORK  
ALL SUBJECTS CONSIDERED  
Authors world-wide invited  
Write or send your manuscript to  
MINERVA PRESS  
2 OLD BROMPTON RD, LONDON SW7 3DD

## Spy Fiction in Carolina — What Training Base?

### The 'Nice Folks' Who Run It Blow Things Up

By Tim Weiner  
New York Times Service

HERTFORD, North Carolina — Nine miles out of Hertford, a town as tranquil as an old dog on a porch, the road ends at a sign that says Harvey Point Defense Testing Activity.

Officially, Harvey Point is some sort of Pentagon post. But everybody around Hertford says the official version is fiction.

"We felt it was a CIA base from the beginning," said Paul Gregory, the county manager.

In fact, Harvey Point is the place where, for the last 37 years, the Central Intelligence Agency has run secret paramilitary and counterterrorism courses for thousands of its officers and select foreigners — most recently, the Palestinian security forces, according to intelligence officials.

Established weeks after the 1961 Bay of Pigs invasion, this school for spies has been shielded by secrecy, security fences and cypress trees festooned with Spanish moss ever since.

But it makes its presence felt. Black helicopters thud over the treetops at dusk ("They scare the soup out of you," said Deborah Reed, the local register of deeds). Buses with blacked-out windows roll by, ferrying mysterious passengers. Trucks haul in old limousines and haul out bullet-riddled, blackened hulks.

Then there are the bombs.

Harvey Point sets off powerful explosions to recreate terrorist acts. Lots of powerful explosions. They resound for many miles around. In Hertford dawn can break with a bone-rattling bang.

Some folks roll over and go back to sleep. They know it's only the CIA setting off bombs. But some never quite got used to it.

"The explosions would almost throw us out of bed at 7:30 on a Saturday morning," said Mr. Gregory, who presides in the 18th-century county courthouse in Hertford, the seat of Perquimans County, population 11,000.

The explosions rattle the windows a little, but more than we would like. One or two people said their houses shook so bad they had cracks."

Word filtered out to Harvey Point a while back that some of the locals were peeved.

So the base commander, Roger

Shields, invited Mr. Gregory, the county commissioners and other local officials out for a chat.

"They were real nice folks," Mr. Gregory recalled.

"They said they would show us around the base. Well, they did not show us around the base. But for the most part, they told us the truth as to what they gave us said showed us."

"Basically, they explode things down there. They blow up cars. They blow up safes. They blow stuff up. They try to reconstruct an explosion that took place somewhere in the world."

The visitors asked flat-out if Harvey Point was a CIA base. No answer came.

In a thank-you note to the commander, the Perquimans County commissioners wrote:

"When we hear an explosion from that general direction or feel the ground shake due to the same, we will, from our experience, know, in some degree, what it is for."

"We will now be able to explain to our people why we have the Base and what it is doing for our Nation."

Over the last decade, the CIA has given counterterrorism training to more than 18,000 foreign intelligence officers from 50 different countries, including Russia, Israel and Egypt, according to agency officials. Some of that training took place abroad, not at Harvey Point. The agency does not discuss its training installations — ever.

Shock waves notwithstanding, Harvey Point is a good neighbor, Mr. Gregory said. For one thing, the base employs more than 40 local people as cooks and guards.

All are sworn to secrecy, even to their families.

"My son works there as security, but he doesn't tell me anything, and I don't ask," said Julian Broughton, a retired sheriff who said he had not visited the base since investigating the death of a man found drowned in a fishing net many years ago.

The sign outside the guardhouse at Harvey Point used to say "U.S. Navy Supply Center."

The claim is noted with deep skepticism by Sam Busted, a retired navy officer who lives nearby.

"They have to live under this damn-fool veil," Mr. Busted said. "It's common knowledge that this place doesn't exist."

## Rate of Suicide Soars For Black Teenagers

By Rene Sanchez  
Washington Post Service

WASHINGTON — The suicide rate of African American teenagers has risen sharply since the 1980s, especially in the South, and is increasing at a pace much faster than that of white teenagers, a new study concludes.

White teenagers are still more likely to commit suicide than blacks. But the Centers for Disease Control and Prevention, in a report released Thursday, said its latest findings suggest that suicide is an "important and growing problem" among young African Americans and may be linked partly to the growth of the black middle class.

Researchers cite no conclusive cause of the rising suicide rate but say that since many more African Americans are being reared in upwardly mobile families, more of them also may be experiencing the stresses such an environment can create.

"These youths may adopt

the coping behaviors of the larger society in which suicide is more commonly used in response to depression and hopelessness," the report states.

Although the number of young blacks who commit suicide is still small — fewer than 5 of every 100,000 black teenagers take their own lives — the rate is much more comparable now to the suicide rate of white teenagers nationally, which is also rising.

In 1980, the suicide rate for young whites was 157 percent greater than it was for young blacks, according to the report. Today, it is 42 percent greater.

The suicide rate of African Americans between the ages of 10 and 19 has increased by 114 percent since 1980, the report found. The largest increase, by far, has occurred in the South, which the report defined to include Maryland, Virginia and the District of Columbia. The suicide rate among young blacks in southern states has grown by 214 percent.

## DEATH NOTICE

### OBITUARY

Moise Elghanayan, who died at the age of 52, was born in Iran to a wealthy Jewish family. His father David and his uncle Habib Elghanayan were leaders of the Jewish community in Iran. Habib was the Chairman of the Jewish Central Committee in Tehran for almost a quarter of a century. He became one of the first victims of the Islamic Revolution when on the direct orders of Ayatollah

Khomeini, Habib Elghanayan was executed. Moise had his elementary schooling in Tehran and was sent to London's Carmel College for his high school studies. He went to Boston (Babson College) for his university studies. He then set up his property and financial business in the US and later moved to Tehran.

He married Rhonda Boshampour in 1973 and his only child David was born in 1975. With the Iranian Revolution looming on the horizon, Moise moved out of Iran in August 1978 and settled in London, continuing with this property and financial services business.

Although he was born and lived in wealth, Moise was extremely humble and managed to befriend people from all walks of life. His vibrant and charming character attracted almost everyone who came into contact with him and he made excellent use of his contacts for charitable fund raising.

Moise was an active member of the World Sephardi Federation, London and the Iranian Jewish Centre. He also raised funds for publication of Judeo-Iranian Studies.

Moise's untimely death has deprived his community of his continuing contribution.

### IN MEMORIAM

The World Sephardi Federation, London, mourns the loss of Moise Elghanayan, one of its most active members, who died in London last week at the age of 52.

The World Sephardi Federation, London, offers its deepest sympathies to Mrs Rhonda Elghanayan, his widow and David Elghanayan, his son, as well as the Iranian Jewish community for the loss of such a valuable and active member.

The charitable work of Moise should be a model for all those who believe in charitable and humanitarian activities. On behalf of the World Sephardi Federation, England President - Mr Sami Shamoon.

## William Montalbano, Correspondent, Dies

Los Angeles Times Service

William D. Montalbano, a prize-winning Los Angeles Times reporter whose 38-year career spanned most of the globe and produced some of the wisest and most elegant foreign correspondence of his era, died of a heart attack Thursday in London.

Mr. Montalbano, The Times's London bureau chief, collapsed on a street near his home while walking to work.

His dispatches for The Times, where he had worked since 1963, and the Miami Herald earned dozens of awards, including the Overseas Press Club prize, the National Headliners Award, the Eric Pyle Award, the International Press Association's Tom Wallace Award and the Maria Moors Cabot

Prize. At The Times he was bureau chief in San Salvador, Buenos Aires, Rome and London.

Esther Bubley, 76, U.S. Photographer

NEW YORK — Esther Bubley, 76, a documentary photographer who was noted for her sober, no-frills portrayal of post-World War II middle America, died of cancer Monday at a hospital here.

In 1952, her work was included in a show at the Museum of Modern Art in New York as part of a series titled "Diogenes With a Camera." In 1955, three of Ms. Bubley's images of schoolgirls and young women appeared in the "Family of Man" exhibition at the museum.







# For China's State Workers, Paying for Health Care Brings on Twinges of Pain

By Michael Laris  
Washington Post Service

ZHENJIANG, China — Yuan Zhihong passes her computerized health ID card through the small cashier's window at the No. 1 People's Hospital. Another checkup on her chronic lupus, another day's wages gone.

Since this eastern Chinese city of 2.6 million began an experiment in health insurance reform in 1995, it is not only the blood tests that have been causing workers to wince.

"In the past, I never paid a cent," Miss Yuan said. Like thousands of state enterprises and government offices nationwide, Miss Yuan's employer, the Chuan Bo Shipping Equipment factory, used to reimburse all employee medical costs. Not anymore.

Miss Yuan can attribute the pain in her pocketbook to the new Chinese prime minister, Zhu Rongji. Mr. Zhu, who this week succeeded Li Peng as head of the government, started the Zhenjiang program and has overseen its expansion into other cities nationwide. Making these reforms the norm in China will be a major priority of his newly created Labor and Social Welfare Ministry.

Mr. Zhu is trying to replace gov-

ernment-financed, cradle-to-grave health care with a system based on individual responsibility, payroll taxes and incentives to cut waste.

The prime minister and his aides hope to inject some common sense into China's wasteful system of socialized medicine, while shifting the responsibility for health care from ailing state-owned enterprises to society at large.

Health reform is a linchpin for Mr. Zhu's overhaul of China's state sector, a task he has given himself three years to complete. Money-losing government factories are propped up because Chinese leaders fear that firing workers and leaving them without basic services like health care would cause urban unrest.

Once a safety net is created outside the state-enterprise structure — old-age insurance and urban poverty assistance programs are also being put into effect — the tax can fall on millions of re-

dundant workers in inefficient enterprises. By shifting the social burden, enterprises can be judged by their productivity, not their ability to provide welfare. "From now on, it's the mayor's problem," said Min Weiping, an official in Zhenjiang.

Mr. Zhu has no time to waste. State enterprises sap not only China's finan-



Doctors studying X-ray results of a lung-cancer patient in a Beijing hospital.

cial health. Many state employees are already facing reduced medical coverage. Their enterprises cannot cover worker salaries, let alone medical costs.

Though Zhenjiang's residents earn a respectable \$750 per capita yearly income, and the city is situated on two key transportation arteries — beside a major new highway from Nanjing to Shanghai,

and on the bank of the Yangtze River — people are still finding it difficult to make ends meet. Late salaries, layoffs and involuntary reduction in hours are common.

The Zhenjiang model for reform is a newfangled hybrid. State enterprises and work units must make payments equal to about 10 percent of each employee's salary to a newly formed insurance bureau. Workers themselves kick in 1 percent of their take-home pay.

The money is split between a personal medical account — basically, forced savings like the system in Singapore — and a general welfare fund. Once a worker uses up his personal account, he can tap the society-wide money pool after paying a deductible.

Wu Shouwen, deputy chief of the Zhenjiang Health Bureau and also a physician, says the reforms are reducing waste.

"If you get a cold, and are using expensive medicines you don't need, it's not fair," he said. "We want to control that."

Corruption is also a problem. Patients and doctors have cloaked items such as hospital beds and refrigerators as "drug

costs" on the receipts used for reimbursement from work units.

Ren Minghui, a Harvard-trained central government health official who helped design the system, says China must alter incentives and set limits on medical care.

Just how well costs will be controlled depends on the quality of the cost-cutters. Hua Meifen, a gastrointestinal physician, said she was trying to save money as part of the insurance program. For a bleeding ulcer, she usually prescribes a slower, but cheaper, Chinese medicine instead of the Western brand she previously used. The Chinese medicine costs \$4 to \$12 and takes up to three months to work. The Western medicine costs \$34, but it is effective after one week.

Some Zhenjiang workers are skeptical of their role as health-reform guinea pigs. They fear that the government will cut costs by lowering the quality of care.

Gu Zhaoxun, a physician at the city's Medical College Hospital, said that he had heard the grumbles and that his colleagues must "work on people's hearts."

"Patients won't trust it right away," he said. "We need time."

## What's Behind Deal in Macau For Warship?

The Associated Press

HONG KONG — A company in Macau, the island gambling haven on the south China coast, has bought an unfinished aircraft carrier that is rusting in the Black Sea and reportedly plans to turn it into a floating amusement park.

Much about the deal that emerged this week in reports from Kiev, Hong Kong and Macau remains unclear. Defense analysts say the real story could be quite different from what it appears to be.

They note China's longtime goal of building or acquiring an aircraft carrier so it can project military power far beyond its coast — a plan that makes some Asian neighbors nervous.

In fact, China reportedly has been interested in buying the carrier Varyag, which is about two-thirds complete and docked at a Black Sea port, from the vessel's owner, Ukraine.

A Taiwanese defense analyst, Su Chin-chiang, said that China's desire to acquire the carrier, combined with the purchase by a little-known Macau company, pointed to a mainland connection.

Macau, with fewer than a half-million people, has been a Portuguese enclave for more than 400 years. But like Hong Kong, which reverted to China in July, Macau will become Chinese territory, beginning in December 1999.

In recent years, Macau has turned to gambling for its economic livelihood. Gaming now brings in about \$2 billion a year, or 28 percent of the colony's gross domestic product.

The Ukrainian Agency for Development and European Integration said Tuesday that a bid of \$20 million from the Chong Lot company registered in Macau was the only offer it received for the aircraft carrier.

The agency's director, Roman Shepek, said on television that a contract would be signed in a month. The contract stipulates that the buyer cannot use the carrier for military purposes and that any equipment that could be used to build other warships has been removed.

Still, buying an aircraft carrier seems a bit extravagant, even for Macau's entrepreneurs. Also, questions surround Chong Lot and who, exactly, stands behind the company, which was incorporated in Macau in August with capital of \$125,000.

Efforts to contact the company were unsuccessful.

Macau officials declined to comment. But the government has said it turned down an application to register the Varyag as a site for hotel, business and amusement facilities because Chong Lot was not licensed to hold any of them.

## Clinton's Africa Trip

President Clinton embarks Sunday on the most extensive tour of Africa undertaken by an American president, a six-nation odyssey to highlight signs of hope on a continent plagued by poverty, disease, famine and war.

The 12-day journey through sub-Saharan Africa marks the first time a sitting U.S. president has visited Ghana, Uganda, South Africa, Botswana or

Senegal. It will take the president from capital cities to remote villages. Like many tourists in Africa, he will go on safari to see elephants, hippos, crocodiles and baboons. For the most part, the trip is a travelogue of countries pursuing democratic reforms, free elections and economic development. The exception is Rwanda, where sporadic ethnic

violence continues. The president will bring initiatives on education, the rule of law, food security, trade and investment, aviation and conflict resolution, a White House spokesman said. Mr. Clinton will be accompanied by his wife, Hillary, and a delegation of business leaders and members of Congress. (AP)

### The itinerary

1. March 23: Arrives in Accra, Ghana.
2. March 24: Arrives in Entebbe, Uganda.
3. March 25: Brief visit to Kigali, Rwanda. Returns to Uganda.
4. March 26: Arrives in Cape Town, South Africa.
5. March 27: Meets with President Mandela; visits Robben Island.
6. March 28: Flies to Johannesburg.
7. March 29 and 30: Flies to Botswana. Meets with President Masire. Begins two-night safari.
8. March 31: Flies to Senegal.
- April 1: Meeting with President Diouf in Dakar.
- April 2: Meetings with African rights activists. Visit to former slave-trade center Gorée Island. Address on U.S.-Africa relations.
8. Return flight to the U.S.



International Herald Tribune

## CUBA: Castro Says U.S. Move Is 'Helpful'

Continued from Page 1

States, saying its long-running embargo "contributes to the rigidity of the system currently in place."

Mr. Castro said he trusted that relations between Cuba and the United States could be improved and added, "We are willing to do whatever we can."

Mr. Castro's comments were broadcast only by CNN, which generally beamed in Havana only in tourist hotels or by hard-currency subscribers like diplomats or businessmen.

So far, the Cuban state media had not reported the U.S. move to ease sanctions and had carried no official Cuban reaction.

For the first time since 1994, Mr. Clinton will allow Cuban-Americans to send money directly, and legally, to relatives in Cuba through licensed agencies.

Cuban-Americans will be able to send up to \$300 every quarter to each household, or up to \$1,200 a year.

Mr. Clinton will also allow certain charitable and humanitarian organizations, like the Roman Catholic Church and the Catholic charity Caritas, to charter flights directly to Cuba from the United

States. These flights may carry goods for humanitarian purposes or passengers with humanitarian or emergency needs.

In Miami, travel agents said they were besieged with phone calls Friday from Cuban-Americans asking when direct flights to their homeland would start up.

Mr. Clinton also is streamlining the licensing procedure that allows the Roman Catholic Church and other non-profit organizations to export and sell pharmaceuticals to Cuba, while letting the organizations themselves ensure that the drugs go to the proper recipients.

Some congressional criticism was immediate. Representatives Lincoln Diaz-Balart and Ueana Ross-Lehtinen, both Florida Republicans, issued a joint statement accusing Mr. Clinton of seeking "to unilaterally relax sanctions on the Castro tyranny," and said that the Pope's visit "should not be used as a pretext to soften sanctions."

Ms. Ross-Lehtinen said that permitting flights and remittances reduced the price Mr. Castro was paying for shooting down two unarmed civilian aircraft, flown by Cuban exiles testing the regime, in international waters on Feb. 24, 1996.

But others in Miami cheered the decision and said it was another sign of needed change. "It was overdue," said Armando Garcia, vice president of Marazul Charters, the biggest retailer of flights to Cuba in Miami.

Larry Birns, director of the Council on Hemispheric Affairs in Miami, said he thought the administration's decision would find general approval.

"There will be some gnashing of teeth in Congress, but with the Pope sanctioning such assistance and exhorting those who don't help, it seems to me the administration will emerge relatively unscathed by its actions," Mr. Birns said. "It will also win points with the European Union and the rest of Latin America, which has been caustic in its criticism of U.S. policy to Cuba."

Marc Thiessen, a spokesman for Senator Jesse Helms, said it was a "serious mistake" for the administration to implement Cuba policy by executive order at a time when Mr. Helms was trying to achieve a bipartisan consensus for a humanitarian relief program for Cuba. (Reuters, NYT, AP)



Charles Millon speaking Friday in Lyon after being re-elected president of the Rhone-Alpes region. He was later suspended by his political group.

## FRANCE: Flirting With the National Front

Continued from Page 1

ing as a betrayal of French "republican" values. But some elected officials at the local level insisted they were heading an electoral reality in some regions: If all the votes from the center to the extreme right are counted together, the right commands a governing majority.

National Front candidates drew 15.5 percent of the vote nationwide, a figure consistent with tallies going back a decade. The two center-right parties won 35.6 percent nationwide, and the left coalition 36.5.

Jacques Blanc, of the Union for French Democracy, was elected president of the Languedoc-Roussillon region with National Front votes. "You cannot govern this region with insults or by refusing to recognize reality," he said, and was promptly suspended.

Mr. Millon, the former defense minister, won the presidency of the Rhone-Alpes region with National Front support, and four other regions followed the same pattern. Several of the regions where the outcomes could be reversed

with alliances between the center-right and the National Front put off their decisions on presidentialism until next week.

"I'm very pleased," said Jean-Marie Le Pen, founder and president of the National Front, who recently repeated one of his past claims that the ovens in the Nazi death camps will be remembered as only a "detail of history."

Philippe Seguin, head of the Rally for the Republic, President Jacques Chirac's party, which is in opposition, forbade its members to negotiate regional coalitions with the National Front. When a former lieutenant of Mr. Chirac's, Jean-François Mancel, ignored the instruction, he was suspended from the party.

Mr. Jospin's solemn warning about his political opponents' doing business with the National Front drew shrieks of indignation. Mr. Seguin and Mr. Chirac said Mr. Jospin was exploiting the situation for partisan gain. Others on the right pointed out that the Socialists maintain power thanks to the votes of Communists, whose past beliefs and associations besmirch the left's claims to "republican" rectitude.

## BRIEFLY

### Pakistan Invites India to Dialogue

ISLAMABAD, Pakistan — Prime Minister Mian Nawaz Sharif on Friday invited the new government in India to resume a dialogue and shed "the old mindset of confrontation and tension" between Pakistan and India.

"I invite you to work closely with us for ushering in a new era of durable peace and stability," he said in his first public message of greeting to Prime Minister Atal Bihari Vajpayee, who took office on Thursday.

On Thursday, Pakistan repeated an offer to India at the Conference on Disarmament in Geneva for an agreement on mutual restraint in nuclear and missile fields as well as conventional weapons. (Reuters)

### Sumatra Students Renew Protests

JAKARTA — Hundreds of students rallied against the government Friday at a university on Sumatra island, a day after police fired tear gas to disperse stone-throwing protesters.

Students at Lampung University said they wanted the government to curb rising food prices and they demanded changes in President Suharto's new cabinet. The rally was peaceful, and security was tight.

On Thursday, police broke up a protest on the campus in Bandar Lampung, about 350 kilometers (220 miles) northwest of Jakarta. At least 60 people were arrested in the most violent in a series of student demonstrations in recent weeks. (AP)

### Seoul Ex-Spy Chief Faces Prosecutor

SEOUL — South Korea's former spy chief submitted to questioning Friday about a pre-election smear campaign against President Kim Dae Jung, an official in the Seoul District Prosecutor's Office said.

Prosecutors would provide no details on the questioning of Kwon Young Hae, former director of the Agency for National Security Planning.

Mr. Kim was portrayed as a Communist sympathizer by rivals during his four decades as an opposition leader. The security agency has been suspected of concocting incidents to sully his name. (Reuters)

### Thai Parliament Voting on Censure

BANGKOK — The parliamentary opposition concluded a censure debate Friday against Prime Minister Chuan Leekpai with an admission that the no-confidence motion will fail.

The vote, slated for Saturday, will allow Mr. Chuan to stick with his program to lift Thailand's economy out of crisis by following reforms demanded by the International Monetary Fund in return for a \$17.2 billion bailout.

Mr. Chuan is enjoying high public confidence after a successful visit to the United States, where President Bill Clinton rewarded his handling of the economy with a \$1.7 billion aid package. (AP)

## NATO: Clinton Makes Pitch for Expansion

Continued from Page 1

"It would fracture NATO's open-door consensus," the president said. In previewing Mr. Clinton's remarks on Thursday, the White House press secretary, Michael McCurry, said the administration had expected the Senate to act soon on the measure.

Mr. Clinton's main arguments in favor of expansion are that it will

strengthen Europe's overall security and reduce the risk of conflict in the formerly Communist countries of Central Europe, and that it will consolidate the democratic gains of Poland, Hungary and the Czech Republic.

Critics contend that an expanded NATO could entangle the United States in a series of Bosnia-style peacekeeping missions, poison relations with Russia and promote instability in Europe.

Meanwhile, the former Russian security chief, Alexander Lebed, told a National Press Club audience that adding the three countries to NATO did not pose a military threat to Moscow.

"If NATO leaders think the addition of the Czech Republic will significantly augment their military might, they are mistaken," Mr. Lebed said. "If you have spare cash to burn and your taxpayers do not mind, go ahead."

It was clear this week during Senate debate on the issue that both Republicans and Democrats favored expanding NATO, although battle lines were forming over whether additional members beyond the latest three should be invited — and when.

Senator Joseph Biden of Delaware, senior Democrat on the Senate Foreign Relations Committee, made an impassioned plea on the Senate floor to approve without conditions legislation modifying the 1949 treaty that established NATO.

But a group led by Senators John Warner, Republican of Virginia, and Daniel Patrick Moynihan, Democrat of New York, is proposing that the measure be accompanied by a three-year freeze on additional membership.

## Settlements by Israel Block Peace, EU Says

Agence France Press

LONDON — The European Union said Friday that Israel's construction of settlements on Palestinian-occupied land was illegal and that the development of housing for Jews at Har Homa in disputed East Jerusalem was "a major obstacle to peace."

Britain, the current president of the EU, issued the statement, drafted by Foreign Ministers Hubert Vedrine of France and Klaus Kinkel of Germany, following the visit to Jerusalem this past week by the British foreign secretary, Robin Cook. Mr. Cook went to the hill-top settlement, at the edge of Arab East Jerusalem, and met a Palestinian delegation there, angering Prime Minister Benjamin Netanyahu of Israel.

The statement said the 15-nation EU had urged both Israel and the Palestinians "not to commit unilateral acts which could prejudice any future solutions" for a Middle East settlement.

## HUNGARIANS: A People Reflects Sadly on Its History of Brain Drain in the Sciences

Continued from Page 1

For Hungarian intellectuals who remained in Hungary, Mr. Szilard and his émigré colleagues represent a hittersweet phenomenon. On the one hand, there is pride that Hungary has produced so many important minds. Yet, there is also sadness that so many fled — and that the new generation of best brains continues to leave.

Now, instead of being enticed by the ferment in German and American universities as their elders were between the two world wars, young Hungarian scientists are wooed abroad by Western

companies offering fabulous research possibilities and the kind of pay they could only dream about here.

"Today, the most gifted Hungarians leave the country while they are graduate students," said Gabor Pallo, the deputy director of the philosophy institute at the Hungarian Academy of Sciences.

After more than 40 years of communism and a rough transition to a market economy, Hungary lacked the financial resources to keep them. "Even the scientific libraries are collapsing," he said.

In the popular mythology, this crew of geniuses are shadowy figures in Hungary. For most of the Cold War, they

were considered soldiers in the enemy camp and banned in the media and school texts. Then, in the early 1980s, when the Hungarian leader Janos Kadar was eager to improve his nation's profile in the West and wanted to pump up sagging intellectual morale at home, the émigré scientists were dusted off.

Mr. Pallo said that by 1983, he was allowed to publish some of his research on the scientists and in 1985 he was asked to give a lecture at the Academy of Sciences on Hungarian-born Nobel Prize winners. Some of the scientists came back in their old age for short visits before the collapse of communism; the

fiercely anti-Communist Mr. Teller waited until after 1989.

But like Andrew Grove, who as a young science student fled Hungary after the failed 1956 uprising and is now chairman and chief executive of the computer giant Intel, Mr. Szilard showed little interest in Hungary. Mr. Pallo said.

Even so, Mr. Szilard is now buried here. At least, part of him. Half of his ashes were sent to Budapest. The other half were dispatched to upstate New York, where his wife is buried.

This is not quite what Mr. Szilard had in mind. He had said he wanted his ashes tied to a helium balloon and sent into the sky.



PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

هكذا من الجمل



## Architect's First Try Shakes Staid Berlin

By Alan Riding  
New York Times Service

**B**ERLIN — During his first two decades as an architect, Daniel Libeskind had no interest in building anything. Instead he concentrated on drawing, writing and teaching, earning accolades as an avant-garde theorist. Finally, 11 years ago, he entered his first competition. Now, at the age of 51, the Polish-born American is completing his first building, the new Jewish Museum in Berlin.

Yet already his reputation as intellectual-turned-practitioner seems well established. In the 1990s he has won several other competitions for cultural buildings, among them the extension for the Victoria and Albert Museum in London, the Imperial War Museum of the North in Manchester, England, and a new concert hall in Bremen, Germany. He is now competing to design two museums in the United States.

"I am probably the only architect in the world whose entire practice is based on competitions," he said with a laugh, as if amused that his designs have won greater acceptance than his theories. "I may be lucky to get a commission one day. But winning a competition is actually the easy part of this job. To get something built afterward takes a lot of effort and stamina."

The Jewish Museum was no exception. Libeskind's design was chosen in June 1989, just five months before the dismantling of the Berlin wall. Since then he and his wife, Nina, who often handles his political negotiations, have had to deal with five Berlin governments.

In 1991 one even canceled the project to use the money to pay for a bid for the Summer Olympics. Six months later the decision was reversed and construction began in November 1992.

Completion of the \$65 million project — the museum is to be handed over in June — is therefore of special significance to Libeskind, not only because it is his first finished building, but also because he says its avant-garde form is a challenge to what he considers the "dull-witted and boring" architecture that has characterized much construction in the city since German unification in 1990.

The Jewish Museum is a free-standing extension of the Berlin Museum, a baroque building that has long recorded the city's history.

The decision to build it was therefore political: to recognize and demonstrate that Jews played a central role in Ber-

lin's history for centuries before Hitler seized power in 1933. The selection of a Jewish architect, though, was a coincidence: an international jury picked from among 189 submissions without knowing the architect's identities.

Still, Libeskind's design reflects his Jewish roots and his belief that culture should shape architecture. His zigzag form that resembles a bolt of lightning, is linked below the ground to the Berlin Museum. While the two buildings have assumed different names, they will both record the interlocking history of Jews and Berlin, with the old building covering the period up to the foundation of the Second Reich in 1871, and the Jewish Museum taking the story through the Holocaust to the present day.

The official competition was to design the extension to the Berlin Museum with the Jewish department, but I insisted there be no separate space called the Jewish department and that idea has now been dropped," Libeskind explained.

"When you talk of cinema, theater, the fashion industry, art, writing, business, the Jews were involved throughout. So you can't say, I have seen the Jewish Museum, now I am going to see Berlin's history. It has to be Jewish throughout."

**H**e called the project "Between the Lines" because it combines a visible, tortuous and continuous line with a hidden, straight and interrupted line, each in its way symbolizing the Jewish experience in Berlin. The visible line assumes the zigzag form, while the hidden line is marked by six 90-foot high empty spaces he calls "voids," three of them sealed, that represent what was lost in the Holocaust.

"There is a constant dialogue between continuity and discontinuity, between absence and presence," he said.

A dramatic straight staircase leads up the side of the building to white-walled galleries with high ceilings that will contain assorted collections linked to Berlin's Jews, from ancient artifacts like candelabra, prayer shawls and tombstones to clothing, books, manuscripts and paintings. Once the museum opens to the public next year, the hope is that donations from descendants of German Jews living abroad will enrich the collection.

At the same time, Libeskind found striking architectural devices to convey the fate of Berlin's Jews. In the Berlin



Libeskind, a master at competition.

Museum, which he is also restoring, he has built a first void that leads to the underground passage to the Jewish Museum. This path is in turn traversed by another, on one side leading outside to a Garden of Exile with 49 square pillars — 48 filled with Berlin's earth, one with earth from Jerusalem — and on the other side to the Holocaust Void, a softly lit chamber that also stands away from the two buildings.

The architect was nonetheless determined that the Jewish Museum not be considered the city's Holocaust Memorial, as some Berlin officials had suggested. And while Libeskind felt that a former concentration camp outside Berlin was a more appropriate memorial, he eventually entered the competition to design a Holocaust memorial near the Brandenburg Gate "to make it clear that the museum is not the memorial." (His proposal is among four designs on the short list. A decision is expected soon.)

Yet the museum does represent an effort to rescue a Jewish memory that was almost obliterated by the Holocaust, to give form to what Libeskind calls "the invisible Berlin."

"The one event that changed Berlin more than anything in its 800-year history was the Holocaust," he said. It was also, he might have added, the single event that most affected his life.

When Nazi Germany invaded Poland in 1939, Libeskind's parents fled to the Soviet Union, where they spent three years in labor camps before being allowed to go south to the Tibetan border. When they returned to Poland in 1946, they discovered that most of their families had died in the Holocaust. Daniel was born that year, but his parents soon wanted to leave Poland. Eleven years later, they were able to move to Israel.

## Obsession With Antiquity Auction Explores Images Admired by Generations

By Souren Melikian  
International Herald Tribune

**N**EW YORK — Ever since the Renaissance began in Tuscany, once the home of the ancient Etruscans who left their name, the art and artifacts of Greece, Rome and the Mediterranean world have been haunting the West.

The latest form of this obsession could be observed at Christie's East on Tuesday in the sale of "Antiquities and Souvenirs of the Grand Tour." Put together by Max Bernheimer, director of the Antiquities Department, and Victoria Shaw, a specialist in the decorative arts, it was inspired by commercial considerations — how best to sell antiquities in the \$500 to \$15,000 price range, and the wide assortment of engravings, wallpapel or minkets of every kind that their discovery inspired in the last three centuries.

In the process, the sale went much further. It thrust under the eyes of those attending the succeeding images of Antiquity admired by the last four or five generations. The auction opened with some fascinating pieces that reminded us how very far back the distant past has been pushed in this century — indeed, since the end of World War II.

No one had an inkling until four decades ago of the figural art that blossomed around the fifth millennium B.C. within the borders of what is now the former Yugoslavia. It is now referred to as the Vinca Pločnik culture. The very first lot included two of its small terra-cotta heads, astonishingly stylized, with highly expressive slanting eyes: an admirable animal head with a human expression, looking through half-closed eyes as if mesmerized by some sight, and two small terra-cotta busts, cartoon-like with their goggle-eyes. Sold as one lot, the five pieces made \$1,380. What is unknown and utterly mysterious is rarely expensive.

Later by 4,000 years or so, the next lot also belonged to an art that no one would have been able to recognize until World War II. The geometricized stone body of a horse without legs (possibly made from other material) is of a type that was discovered at Stara Zagora in Bulgaria, where the ancient Thracians once lived. Had it been known in the last century or earlier, few would have looked at this art,

far too modern in conception. The horse, the like of which has never been seen at auction before, climbed to \$7,525.

The sale switched to the sculpture of Etruria and Rome, admired for centuries. A miniature funerary urn in the shape of a sarcophagus dating from the third or second century B.C. was decorated in low relief with the mask of a man looking quizzically, almost laughing, at the viewer. With his Phrygian cap lined with curious wings, like some Etruscan variant on the theme of the god Mercury, it would have evoked an enthusiastic response from the Renaissance. So too would another Etruscan terra-cotta — the head of a young man smiling, his short locks falling on his

tiquties is the renewed interest in monumental slabs with inscriptions. Two marble slabs with Greek funerary inscriptions were consigned by a New England collector. One is a moving statement of love and fidelity in life as in death: "Where I placed the remains of Praxiteles my husband, there I be Parthenope wife of Praxiteles." The style of the lettering points to the fifth or sixth century. The slab made \$1,610.

The second slab is carved with a beautiful Christogram, and the words Kyrie Eleison, can be read in monumental lettering. The power of the terse metaphysical message reflected in the vigor of the calligraphy sent the slab to \$2,300.

But it is in Egyptian art that the modern approach has changed most drastically. In the last century, Egypt was the exotic face of Antiquity. Amusingly enough, the sale included a basalt carving of a reclining sphinx probably executed in the first century B.C. or the first century A.D., when Egyptian art on its last gasp was about to be submerged by a wave of Romanization.

The sphinx looks benign, not inscrutable. Only the current century of Egyptian sculpture matched by the certainty that this one would not come under the cloud of suspicion (the consignor's grandfather acquired it in 1934) surrounding recent archaeological looting allowed the sphinx to claw its way up to \$12,650.

Did that century of Egyptian art have something to do with the charade that took place toward the end of the antiquities section? Few had given much attention to "a stela in the Egyptian style," as the catalogue calls it, using auction house cant language for "fake." (It shows three Nubians saluting a falcon-headed deity that might look more imposing were it not pot-bellied and goggle-eyed.) On the pedestal made at the turn of the century, an inscription reads "Sepulchral tablet of Shasham, the son of Pa-Khart-Na-Bast, From Abydos XXIIInd Dynasty." Possibly experiencing an 11th-hour doubt, Bernheimer had given it a \$200 to \$300 estimate.

Suddenly, bidding took off. The stela ended up at \$10,350. Someone, that day, got it badly wrong, although it remains to be seen who. After two centuries of intense scrutiny, our perception of Antiquity in its Egyptian garb can still be curiously hazy.



A basalt carving of a reclining sphinx sold for \$12,650.

forehead. The miniature sarcophagus went for \$2,530, the head for \$805.

But other aspects of Etruscan sculpture would have left previous centuries baffled. A terra-cotta head of a young man, his eyes dilated by some terror, his lips pressed in fury or grim determination, is far too modern to have appealed to the 18th century. On Tuesday, at \$1,595, the head struck me as cheap.

**T**HE pithy humor of the Celtic interpretation of Roman art would not have been recognized either until recently. The small bronze figure of a genius barely controlling his hilarity — the bust is muscular, the legs are too short, the drape seems about to fall off the man's loins — is as droll because he is far removed from the Roman model. The four and a half inch bronze dating from the second century was eminently affordable at \$1,495.

Perhaps the most subtle imprint of the aesthetics of our time on collecting an-

**ARTS**

**GALERIE MERMOZ**

**PRE-COLUMBIAN ART**

6, rue du Cirque - 75008 PARIS  
Tel: (+33) 01 42 25 84 80 Fax: (+33) 01 40 75 03 90

For a Free copy of  
**The International Herald Tribune Art Guide**

a compilation of galleries, museums, auctioneers...

Please write to:  
Enza Lucifero  
International Herald Tribune  
181 Avenue Charles de Gaulle  
92521 Neuilly Cedex, France

Vincent WAPLER - Auctioneer  
16, place des Vosges - 75004 PARIS  
Tel: 33-1 42 78 57 10 Fax: 33-1 42 78 89 80

**OTTOMAN ART**

Monday April 6, at 2.15 p.m.  
Hôtel Drouot, Rooms 1 & 7  
9, rue Drouot, 75009 PARIS

Catalogue upon request from the auctioneer

Portrait of Sultan Abdul Hamid by Anwarik  
Miniature on paper, signed, H: 7,5 cm

40 historic lots from the collection of  
H.H.H. Prince Ottoman X... Grandson of the last  
Sultan Abdul Hamid II (1876-1909)

Collection of Ottoman Jewellery

On view: Saturday 4th April from 11 a.m. to 6 p.m.  
Monday 6th April from 11 a.m. to 12 a.m.

Experts: M. SOUSTIEL & M. DAVID. Tel: 33(0) 1 45 62 27 76  
M. SERRET & PORTIER for the Jewellery. Tel: 33(0) 1 47 70 89 82

**SALON DU DESSIN 1998**

SALONS HOCHÉ - PARIS  
1<sup>er</sup> AVRIL - 5 AVRIL

SALONS HOCHÉ - 9, Avenue Hoché - Paris VIII<sup>e</sup>  
Daily from 12.00 - 8.30 pm - Late opening Thursday 2<sup>nd</sup> until 11.00 pm

**THE DUKE OF YORK'S**  
HEADQUARTERS, CHELSEA, LONDON SW3

**25-31 MARCH 1998**

CHARITY GALA EVENING 26 MARCH  
GOURMET DINNER WITH MICHEL ROUX  
27 MARCH

OPEN: 11.00am-8.00pm CLOSURE: FIRST DAY at 9.00pm  
THURSDAY 26 MARCH at 5.30pm SUNDAY & LAST DAY at 6.00pm

ORGANIZERS - TEL: 44 171 731 6736

**JAN KRUGIER/CHRISTIAN DEYDIER**  
ORIENTAL BRONZES LTD.

NEW YORK MARCH 27 TO APRIL 11, 1998  
**TIMELESS CHINA**  
Zao Wou-Ki, Chinese Bronzes & Earthenware

**JAN KRUGIER GALLERY**  
41 EAST 57TH STREET, NEW YORK, NY 10022  
TEL: (212) 755 7288 - FAX: (212) 980 6079

**CHRISTIAN DEYDIER**  
LONDON RYLAND HOUSE, RYLAND ROAD NW3 3EH  
FRANCE - 21, RUE DU BAC, 75007 PARIS

**ARTS OF THE Han Dynasty**

Special Exhibition and Sale  
March 25 - April 11

**J. J. LALLY & Co.**  
ORIENTAL ART  
41 E 57 New York 10022  
T 212 371-3380 F 212 593-4696

**PELTRIAUX**  
GALERIE ATELIER

15, rue du Vieux-Cog, REIMS - Tel: 33 (0) 3 26 87 26 87  
EXPOSITION from March 1 to March 31, 1998  
Receives all year upon appointment  
<http://www.peltreux-art.fr> <http://www.cd-aise.fr/ars/>

**ESKENAZI**  
Oriental Art

10 Clifford Street  
London W1X 1RB  
Telephone: 0171-493 5464  
Fax: 0171-493 3136  
Cables: ESKENAZI London W1

**Animals and animal designs in Chinese art**

**EXHIBITION IN NEW YORK**  
AT  
28 EAST 78TH ST  
Telephone: 212 - 628 3628  
Fax: 212 - 628 3652  
Monday - Saturday 10:00 - 6:00

24 March - 4 April 1998

**THE SEVENTH REGIMENT ARMORY**  
PARK AVENUE at 6TH STREET, NEW YORK CITY

Information: New York (212) 612 8572 or London (0171) 734 5391  
<http://www.haughton.com>  
or email: [info@haughton.com](mailto:info@haughton.com)

**THE INTERNATIONAL FINE ART FAIR**  
PAINTINGS DRAWINGS SCULPTURE

**May 8-13, 1998**  
Daily: 11am-5pm, Sunday & Last Day: 11am-7pm

Benefit Preview Evening for  
LENOX HILL NEIGHBORHOOD HOUSE: May 7, 6.30pm

Fully illustrated catalogue available

**1ST INTERNET ARTS - ANTIQUITIES SITE**  
[www.exolart.com](http://www.exolart.com)  
MULTIPLE DEPARTMENTS AND SERVICES

Fax: 33 4 93 870 038 EX.L E-mail: [exolart@usa.net](mailto:exolart@usa.net)

International  
Herald Tribune  
ads work



## International Education in Switzerland

SATURDAY

International Education in Benelux

International Education in the U.K.

International Education in Germany &amp; Austria

Business Education in the U.S.

Business Education in France

## ENGLISH GAINS DOMINANCE IN SWISS PRIVATE SCHOOLS

With four languages of their own — German, French, Italian and Romansch — the Swiss are rapidly developing a fifth: English.

A recent government survey showed that 20 percent of the population of Switzerland claims to speak English. This makes English the third most spoken language, after German and French.

Traditionally, students in Switzerland have been required to learn their own mother tongue plus either French or German, with a preference toward the latter. Today, students are saying they want their second language to be English.

The move toward English is, of course, nothing new. The rapidity with which its acceptance is progressing is something else again. English has for many years been the official language of the airlines and the travel industry. Television, music and films have helped spread it. Now, computer technology and the Internet are making it mandatory.

**Lingua franca**  
Eric Williams, director of the International University of Geneva, says that all its instruction is in English. "We have students from

many different countries, and although we are in a French-speaking area and we encourage our students to learn French, we instruct in English because that is the language our students know and the one they will use in their future business careers."

Donald Utroska, a partner with Lamie International, a Chicago-based executive recruiting firm with a European base in Geneva, recently said, "Today's international business executive must have fluent English if he or she intends to advance and be successful. The more languages an individual has, the better. When you learn another language, you also learn another way of thinking." When a Swiss executive from Geneva meets his or her counterpart from Zurich, likely as not they will speak English.

Swiss students are effectively asking that English become the second language of learning. Taken to an extreme, this situation could indicate that at some time in the future, Italian-speaking Swiss and French-speaking Swiss might have only English in common, and not Ger-

man. Could there then eventually be a movement to make English an official language in Bern? Admittedly, this doesn't yet seem a likely scenario.

**Career preparation**  
Nevertheless, the vast majority of today's students are going to be entering business offices rather than government chambers and they most decidedly want to perfect their English. This being so, Switzerland's private schools are already changing their curricula. James Wade, marketing director of the prestigious Ecole Hotelière de Lausanne, which has heretofore given instruction only in French, says: "We now offer instruction in a choice of either English or French. It is obligatory to study the other language as well. But our enrollments in the English sector are surpassing expectations."

Vivianne Néri-Failletaz, director of the Institut Villa Pierrefeu near Montreux, one of Switzerland's pre-eminent finishing schools, confirms that English as a language of instruction is much in demand. "Some years ago, all our instruction was in French," she says. "Today, students may choose the program in either language. The world has become very international, and we have

many students who come from parts of the world other than Europe, where English is the lingua franca. Of course, we insist they study French as well since this is an important language in Europe."

Besides being a trend in private schools, the desire to learn English is also penetrating the local educational system, particularly at college level and with those who intend to have a career in business. The Ecole des Hautes Etudes Commerciales in Lausanne, for instance, while still conducting

lessons in French, maintains a program of English-language studies in a variety of fields for its students.

Both students and teachers report that as more and more electronic tools are used in the classroom, English is increasingly becoming the predominant language. At other levels in Swiss schools where students are beginning to use computers and connect with the Internet, English is almost becoming a primary language. "You must have English to take full advantage of the Net," says Jason Page, a teenage student born in Switzerland. "The world is too small to have only one language, unless it is English."

## CLASSIC SWISS HOTEL SCHOOLS ARE STILL THE BENCHMARK

Switzerland is still the place to prepare for a career in the hotel industry.

About a hundred years ago, Switzerland's reputation for hospitality and tourism gave rise to a new form of education designed for those who intended to pursue careers in the field of hotel and restaurant management. There are many schools of this nature in Switzerland, most of which have fine international reputations.

In addition to the Ecole Hotelière de Lausanne, which was the first and is thus the oldest school of this type in Switzerland, there is now an abundance of other schools. The Centre International de Gion is highly international, and its graduates can be found in almost every nation on earth. In addition to its academic courses, the school has several consulting programs with local institutions; students have the opportunity to involve themselves in hands-on learning situations.

The César Ritz in Le Bouveret on Lake Geneva offers its graduates a BA degree accredited in the United States. It also has a program in which students can take their second year in Australia.

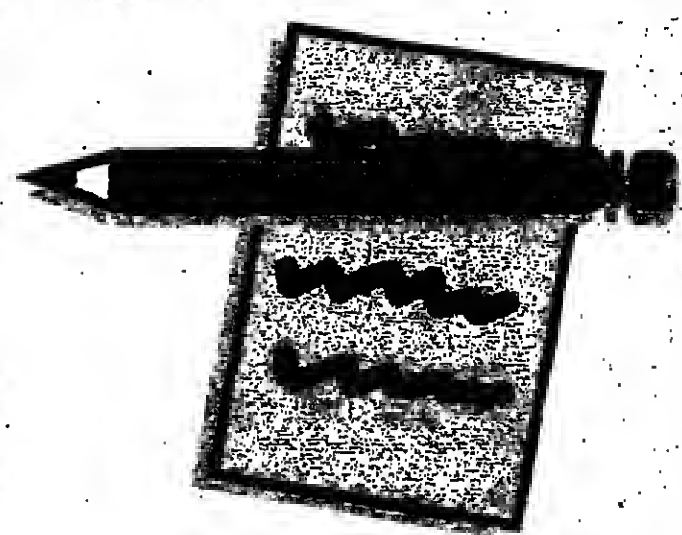
The IHTTI School of Hotel Management in Neuchâtel offers its students firsthand training in the running of a hotel operated in conjunction with the school. Graduates can receive either a Higher Diploma in Hotel

Management or a BA from Bournemouth University.

Hosta Hotel and Tourism School is located in Leysin, a mountain resort where several other international schools can be found. Hosta has a tie-in with the airline industry and is, therefore, a good spot for students who wish to specialize in that field.

The Hotel Institute Montreux offers stu-

dents a general and a complete overview of the hotel industry, its management, future and possibilities. The school offers a standard three-year program or an accelerated two-year course. Graduates receive the Swiss Diploma in Hotel Management as well as the diploma issued by the Educational Institute of the American Hotel and Motel Association.



**JOHN F. KENNEDY INTERNATIONAL SCHOOL**  
Gstaad - Switzerland

**THE RIGHT START**  
A unique boarding and day school for boys and girls 5-14. Thorough preparation for English language secondary schools. Small classes, individual attention, family atmosphere. French, sports, excursions, daily living in winter - and a superb, safe, alpine location.

**THE SUMMER EXPERIENCE**  
During July and August, an outstanding summer camp program for children 7-13. A fun-filled, challenging experience, combining language instruction in English or French with sports, activities, excursions and camping skills.

Write, call or fax: W. Lovell, CH-3752 Saanen, Switzerland  
Tel.: +41 331 744 13 72 or Fax: 744 89 82. E-mail: lovell@jfk.ch

**Ecole Lémania Lausanne**

**INTENSIVE FRENCH AND/OR ENGLISH SUMMER COURSES**

- June to October (min. 3 weeks)
- Optional courses: German, cultural activities, sports, etc.
- Minimum age: 15 years old
- Possible accommodations at our boarding school, or with families, etc.
- Possible pensions or with families, etc.

Write, call or fax: W. Lovell, CH-3752 Saanen, Switzerland  
Tel.: +41 331 744 13 72 or Fax: 744 89 82. E-mail: lovell@jfk.ch

**International Education for the 21st Century**

- Coeducational boarding school, grades 9-12
- University preparation: International Baccalaureate, Advanced Placement, English as a Second Language program
- Recreation, excursions, sports, skiing
- International, family atmosphere
- Summer Programs: Ages 9-19

LEYSIN AMERICAN SCHOOL IN SWITZERLAND

Tel: +41 24 493 3777 Fax: +41 24 494 1585

**COLLÈGE DU LÉMAN**  
International Boarding & Day School for Boys & Girls  
Geneva - Switzerland

**Anglo-American Section**  
College Board Examinations: PSAT, SAT, IIT, Advanced Placement Courses: IGCSE, "A" Level, English as a Second Language Programme

**Section Française**  
Maturité fédérale suisse & Baccalauréat français Cours intensifs de français

**Summer School**  
Intensive English & French Courses, Computer Studies, Afternoon activities, Sports, Excursions

Accredited by The European Council of International Schools (ECIS)  
The New England Association of Schools & Colleges (NEASC)

Collège du Léman, 74 rue de Saconnay - CH-1206 Versaille/Genève - SWITZERLAND  
Tel: +41 22 755 25 55 Fax: +41 22 755 19 93 Web: <http://www.cdl.ch> E-mail: [info@cdl.ch](mailto:info@cdl.ch)

**IHTTI School of Hotel Management** Neuchâtel, Switzerland

**STUDY INTERNATIONAL HOTEL MANAGEMENT IN SWITZERLAND**

- 3-Year Bachelor's Degree and Higher Diploma in Hotel Management
- 2½-Year Diploma in Hotel Management
- 1-Year Post-Graduate Diploma
- 1-Year Certificate Courses

Ask Maria Baki for information at our head office:  
IHTTI, Box 4006 Basel, Switzerland  
Phone: +41 61 312 30 34  
Fax: +41 61 312 30 35  
E-mail: [headoffice@ihtti.ch](mailto:headoffice@ihtti.ch)  
Web page: <http://www.ihtti.ch>

**DOZ**

Zürich School for Translation and Interpretation state-recognized institute of higher education

Qualifications in key areas:  
Language - and languages - for professional use  
Intercultural communication in speech and writing  
Higher education  
University-level courses for translators and interpreters  
Examinations recognized by the Education Ministry of the Canton of Zürich - State-recognized diplomas

Further education  
If you have a suitable vocational qualification and a good command of languages, we can offer special one-year courses to prepare you thoroughly for the DOZ Admission Examination

The academic year commences in October.  
Dolmetscherschule Zürich - Thurgauerstrasse 56  
CH-8050 Zürich - Tel: +41 301 48 68 Fax: +41 301 48 98

**INSTITUT MONTE ROSA**

- Junior and High School
- Postgraduate Year (Grade 13)
- Business Studies/Modern Languages
- Intensive English Courses
- Supervised Studies
- Summer Holiday Courses - June - July - August

57 Av. de Chillon CH-1820 MONTREUX  
Tel: +41 21 963 53 41 Fax: +41 21 963 47 83  
E-mail: [monterosa@bluewin.ch](mailto:monterosa@bluewin.ch) [www.monteroschool.com](http://www.monteroschool.com)

**FONDATION POUR L'EDUCATION DES ENFANTS AUTISTES**

Your child has speech delay, communication problems, he does not play with other children, has learning and behaviour problems. We can help you!

Contact us about the following services of our specialized Centre:  
Information and advice-School-Evaluation (individual and specific teaching in English and French-Training courses for parents and professionals.

**Centre for autism,**  
Rue du Pont-Neuf 2, CH-1110 Morges (VD)  
(20 min. from Geneva) Tel: +41 21 803 62 30, Fax: +41 21 803 62 37.

**Seeking Harmony for your Children?**  
**CHANTEMERLE**  
Ecole Française - Family atmosphere

International Boarding School for boys and girls 6 to 16.  
School year: official French National Education programme (9 levels)  
Summer: intensive French Courses - English - Mathematics  
Short stays: intensive French Courses during the School Year

CH-1800 Blonay, Switzerland  
Phone: +41 21 943 11 93 Fax: +41 21 943 28 27 E-mail: [jwegmuller@chantemerle.ch](mailto:jwegmuller@chantemerle.ch)

**Hospitality Education in Switzerland**

- Swiss & US Diplomas
- Bachelor's Degree
- MBA, MS, MA

**Paid Swiss & US internships**

The Office of Admissions  
Hotel Institute Montreux  
15 Avenue des Alpes  
1820D Montreux - Switzerland

Tel: +41 21 963 7404  
Fax: +41 21 963 8018  
E-mail: [him@him.ch](mailto:him@him.ch)  
<http://www.him.ch>

**AMBITION**

Are you aiming for the top? It's hard to get there in any business - in a career in hospitality management, it's really tough. No other profession requires so many skills.

At the world's first hotel school in Lausanne, Switzerland, we only accept students with the drive to succeed. You'll spend four years combining theory with practice in all areas of hotel management. You'll study not only finance, marketing, law and human resources, but also kitchen, service and housekeeping. And you'll do two six-month paid internships.

No one will be better trained. No one will have a better chance to go all the way

**ECOLE HOTELIERE DE LAUSANNE**  
First in the World

Ask for our free information pack by contacting us at: EHL, Dept HITA, CH-1000 Lausanne 25, Switzerland  
Tel: +41 21 785 1111 E-mail: [admission@ehl.ch](mailto:admission@ehl.ch)  
Fax: +41 21 784 14 07 Website: <http://www.ehl.ch>

**Exciting Summer camps for today's young people ages 7-19**

Languages, Sports, Computers, Leadership and more in 7 countries

1296 Coppet, Switzerland  
Tel: +41 22 776 2059 fax: +41 22 776 2060  
<http://www.villagecamps.com>

**HOTEL & TOURISM MANAGEMENT IN SWITZERLAND**

**HOSTA**  
Hotel & Tourism School

1-3 year programmes  
University Degree transfer  
IATA Tourism courses  
Major companies recruit on campus

1654th Leysin Switzerland  
Tel: +41 24 493 1717 Fax: +41 24 493 1727  
email: [hosta@worldcom.ch](mailto:hosta@worldcom.ch)

**Washington State University**

**THE PASSPORT TO YOUR FUTURE**

**CEASAR COLLEGES**  
In Switzerland, USA & Australia offer study and paid work experience on three continents in a 2-year Hotel Management Diploma & Associate of Science Degree Program

**ICHA, INTERNATIONAL COLLEGE OF HOSPITALITY ADMINISTRATION, BRIG**  
2-year Swiss Higher Diploma in Hotel Management followed by:  
1-year accelerated Bachelor of Arts Degree Program in Hotel & Restaurant Administration (University of Applied Sciences, University of ICH, Brig)  
1-year PGD & MBA Programs  
Previous experience will be credited. All programs are taught in English

**HOTELCONSULT**  
SPECIALIST IN HOTEL MANAGEMENT

For information regarding the program, contact our Hong Kong office:

**SPONSORED SECTION**

**SECONDARY CONCERNS PICKING SECONDARY SCHOOLS**

Advantages of secondary schools:

- Broad range of subjects
- Small classes
- Individual attention
- English as a second language
- Sports and activities
- International atmosphere
- Summer programs

**ACADEMIE DE LA ET DE COMM**  
1201 GENEVE

**MOVING EDUCATION**

**AMERICAN SUMMER**  
Travel for Kids

**MAY 18**  
International Business

**OCTOBER 18**  
International Business

**NOVEMBER 18**  
International Business

**EMILIE LEVY**  
EDUCATIONAL SERVICES

**Herald**  
THE WORLD'S DAILY NEWS

**FOR INFORMATION REGARDING**  
For information regarding the program, contact our Hong Kong office:

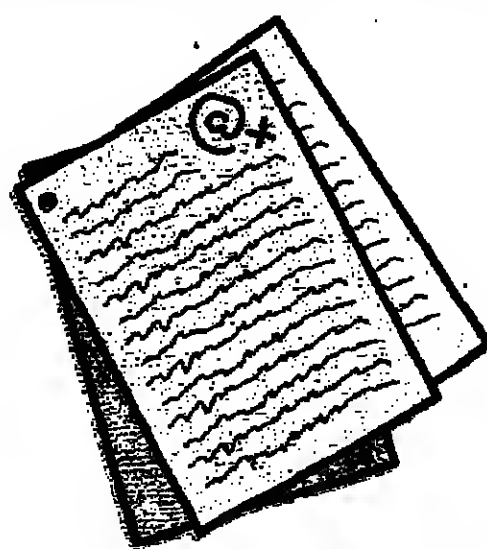


## International Education in Switzerland

SATURDAY

## SECONDARY CONCERNS IN PICKING SECONDARY SCHOOLS

Swiss schools offer advantages beyond academic credentials.



Switzerland has long prided itself on the quality of its private secondary schools. The reputation of these schools for providing a good education is unsurpassed. Additionally, they offer parents the security of knowing that their children are growing up in a reasonably crime-free area and that they are safe from many of the problems that may exist in their own countries.

"Security is a major factor among many parents for choosing a school in Switzerland," says Jean-Pierre du Pasquier, director of the Ecole Lémanica. Parents like the fact that Switzerland is a low-crime area, where kidnapping is unknown. While Switzerland does have its problems with teenage drug use, as does every other European nation, Switzerland's private schools maintain strict drug policies and in most cases a single use can result in expulsion.

Another advantage for the student is that these days, a child is likely to be not only in an international environment, but also to be studying with an international assortment of fellow students. In the past, most foreign students hailed from North America, England and other parts of Europe. Today, they also come from Russia, Japan, Malaysia, Lebanon, Israel, Kuwait and Saudi Arabia. Le Rosey, the Collège du Léman and the Leysin American School all have international student bodies.

The great outdoors Students at Chantemerle and at Monte Rosa, both of which are near Montreux, report that the opportunity to live in or near the mountains and take advantage of all the recreational activities they offer makes life much richer. Student bodies in schools of this nature tend to become very close-knit, with the students often forming many lifelong friendships.

The John F. Kennedy School in Saanen-Gstaad takes grade-school students

throughout the year and also holds a summer camp. Children here are taught in English, but they hear French and German around them all the time.

In addition to academics, they quickly become proficient in skiing and other winter sports and develop a strong interest in nature, which is all around them.

Other Swiss schools can address special needs as well. FEDEA (Fondation pour l'Education des Enfants Autistes) is a school for autistic children and for those with related disorders. It is a non-profit institution affiliated with the University of North Carolina as well as several similar professional organizations throughout the world.

Located in the small town of Morges, the school accepts students between the ages of three and 20. It offers courses adapted to each individual's ability, taught in English or French.

## BUSINESS INSTITUTIONS ARE BOTH LOCAL AND GLOBAL

Top international schools and smaller institutions offer commercial studies.

The old joke has it that somewhere inside of every Swiss is an accountant. Be that as it may, there is no doubt that Switzerland's business schools are both numerous and excellent.

IMEDE in Lausanne is considered to be one of the world's three, or four best business schools, along with Harvard and INSEAD in France.

The Business School Lausanne (BSL) recently merged with the Ecole Lémanica and has announced that its degrees are now fully accredited in the United States. "This merger enables us to offer our students a much broader program in business with an international outlook," says Jean-Pierre du Pasquier, the institute's director. The Ecole Lémanica teaches primarily in French, while BSL teaches mainly in English.

The American Graduate School of Business (AGSB) in La Tour-de-Peilz provides a U.S.-based program of business studies with a strong international outlook. Depending upon the program selected, graduates can receive an MBA (Master of International Business Administration), an MBA or a Bachelor of Science in Business Administration. The school has a policy of interactive association with es-

tablished business enterprises, and students are taken to visit and given an opportunity to study a number of diverse business operations.

Multinational approach The International University in Geneva emphasizes three factors: the globalization of the economy, the importance of information technology issues and the development of interpersonal skills such as leadership and the ability to work in teams.

IUG also has a program of internships for students with several Swiss and multinational companies so that they can have hands-on experience before actually entering the business world. The director, Eric Willmussen, emphasizes that English is the language of instruction and the language of business. "We expect our students to learn other languages, just as they learn various technologies, but English is the basis for their communications."

Webster University, which is based in St. Louis, Missouri, has had a branch in Geneva for the past 20 years. It has additional campuses in seven other countries. With 400 students from 80 countries, it specializes in traditional academic subjects and also has programs for adults. The university offers a range of academic programs resulting in a Bachelor of Arts

degree in management, business, international relations, psychology or sociology. Other options include a Bachelor of Science in computer science or a Bachelor of Business Administration. Graduate programs offer MBA and MA degrees with concentrations in human resources development, international business, international relations and counseling. Webster University degrees are accredited by the U.S. North Central Association of Colleges and Schools.

Adult education programs Robert Kennedy University, located in Zurich, offers pro-



grams in cooperation with Washington State University. All its degrees are either accredited by the Department of Education of the State of Washington and the Northwest Association of Schools and Colleges or by the Chancellor of the State of the Can-

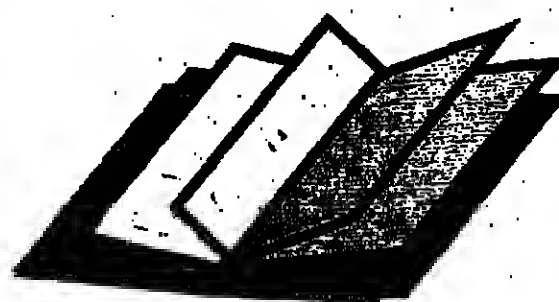
ton of Zurich. Robert Kennedy University is a non-profit entity registered in the United States and is particularly well-suited for adult students who are already working and cannot maintain a regular academic schedule.

The University of

national, knowing foreign customs and manners becomes a bigger factor in international business development. Viviane Néri-Failletaz, who runs the finishing school Institut Villa Pierrefer, reports: "Several multinational companies have asked if we could prepare seminar programs for their corporate executives. Their main need is to learn how to handle themselves in foreign environments, whether it be the simple use of chopsticks or the suitability of certain flowers. It is very easy to accidentally insult your host without ever having realized, and certainly not intended, to have done it. Faux-pas such as showing the sole of your shoes can delay business acceptance or even annul it."

She adds: "We know of one company that regularly puts candidates through an 'awkward' dinner. The first course might be half a grapefruit. This is the only one which is uncut. How do they handle it? Another course might be fresh asparagus, to see whether he or she uses fingers or a knife and fork. Indeed, how do they handle these instruments? What the company is looking for is not whether or not the candidate knows how to do the right thing—but, whether or not he or she has the savoir-faire to handle a difficult situation, because difficult situations are always going to arise."

Savoir-faire As more and more executives find their business lives becoming increasingly inter-



Geneva's Académie de Langues et de Commerce offers both French and commercial courses. Programs are intensive but can be tailored to students' requirements.

As more and more executives find their business lives becoming increasingly inter-

## SCHOOL CAMPS FOR SPORT AND STUDY

Combining education, play and sport has long been found to be an effective way to teach youngsters. Village Camps is a camp with administrative headquarters in Coppet, near Geneva, which offers language courses, sports, adventure trips and a computer camp. With four European sites in Switzerland, France, England and Austria, it has been running for 25 years, and last year attracted 454 campers representing 58 countries.

Says Andrew Connolly, marketing director:

"Summer camp is about developing relationships with other people. We try to combine the best of the American summer camp system with the additional flavor of European internationalism."

Under close supervision, youngsters are encouraged to stretch themselves, contribute and belong, and thus establish their own self-worth.

Students learn both academic and sports skills through the principle of "education through recreation." Village Camps has had more than 100,000 students pass through its tents.

The International Summer Camp Montana, located in Crans-Montana, is a highly developed camping/educational institution that has been in business for more than 30 years.

Football, basketball and tennis are standard. It also has a stable of 18 horses with a professional instructor and qualified assistants to teach an English-style equestrian program. Students are also active in mountain biking, hiking and climbing as well as the standard summer sports of swimming, sailing and golf.

Those who are truly eager can even pursue summer skiing at the 3,000-meter Wildstrubel Mountain.

**Un "leader" des formations:**  
langues, secrétariat, tourisme  
Programmes sur demande

**ACADEMIE DE LANGUES ET DE COMMERCE**

Kue Winkelred 3 1201 GENEVE Tel: +41 22-731 77 56

**SWISS PRIVATE SCHOOLS**

- Personal
- Innovative
- Oriented towards your learning goal

For free and objective information on school programs and language courses throughout Switzerland (also during vacation times), please contact the official Advisory Office of the Swiss Federation of Private Schools (SFPS):

P.O. Box 1408 - CH 1211 Geneva 1  
Tel: 0849 89 41 51 Fax: +41 31 328 40 45  
E-Mail: info@swiss-schools.ch  
Internet: http://www.swiss-schools.ch  
MAKING THE RIGHT CHOICE TOGETHER

**AGSB**  
THE AMERICAN GRADUATE SCHOOL OF BUSINESS  
THE INSTITUTE OF UNDERGRADUATE BUSINESS STUDIES

offers  
Master of International Business Administration, MBA  
Bachelor of Science in Business Administration, BSBA

Place des Auteurs-François  
1814 La Tour-de-Peilz (17)  
SWITZERLAND

Tel: (+41) 21-944 9501  
Fax: (+41) 21-944 9504  
e-mail: agsb@agsb.ch

**EUROPE'S TOP PRIVATE CAMP FOR SPORTS AND LANGUAGES**

**INTERNATIONAL SUMMER CAMP MONTANA**

Summer program for boys and girls 8 to 17 years in the French speaking part of the Swiss Alps founded 1961.

International Summer Camp Montana,  
CH-3962 Montana, Switzerland  
Tel.: (+41-27) 481 56 63 - Fax: (+41-27) 481 56 31

For today's global village in business and everyday life, a knowledge of languages, international culture & customs are essential. For over 30 years we have provided young women of all nationalities with an introduction to life long learning.

- Full school year (16-27 year olds) • Summer courses (15-27 year olds) • intensive short programmes to suit those with a busy lifestyle • Accommodation on campus • All courses given in French and English (option of Spanish for intensive courses)

Contact: Institut Villa Pierrefer, CH-1823 GIRON  
Tel: +41 21 943 73 11 - Fax: +41 21 943 68 64  
Email: info@villapierrefer.com / http://www.villapierrefer.com

**INTERNATIONAL UNIVERSITY**

**success starts with a good education**

Undergraduate, Graduate and Executive Programs in:

- Business Administration (BA, BBA, BSBA)
- Communication and Media (CM, MS)
- Telecommunication (MS)

International University  
ICC, Rue de Pré Buis 20, 1219 GENEVA 19, Switzerland  
Tel: (+41) 22 770 71 00 Fax: (+41) 22 770 71 11  
Email: info@univ.ch URL: www.univ.ch

**Robert Kennedy University**

**"UNIVERSITY WITHOUT WALLS IN SWITZERLAND"**

Now you can apply in our university for the distance learning qualified program. You can obtain one of the following degrees:

- Bachelor in Business Administration (B.B.A.)
- Bachelor of Science in Law (B.S.L.)
- Master in Business Administration (M.B.A.)
- Master of Law (LL.M.)
- Doctorate in Business Administration (Ph.D.)
- Doctorate in Jurisprudence (J.D.)

It is now time to start, our Swiss university is the only one offering you all these programs, students can maintain 24 hours a day contact with our tutors, by telephone, fax or internet. We give courses for work, life, business experience. For start now or any more FREE INFORMATION contact US.

**ROBERT KENNEDY UNIVERSITY**  
WTC - LEUTSCHENRACHSTRASSE 93 - 8030 ZÜRICH, SWITZERLAND  
Telephone: +41 1 308 3906 - Telefax: +41 1 308 3500  
Internet: www.robertkennedyuniversity.ch  
E-mail: robertkennedyuniversity@yahoo.com

**Herald Tribune**  
THE WORLD'S DAILY NEWSPAPER

If you would like to receive further information on the advertisers who appear in today's International Education in Switzerland Sponsored Section, please complete this coupon & send it to:

**THE INTERNATIONAL HERALD TRIBUNE**  
c/o GABLE MARKETING LTD.  
St Mary's Hill, Chalfont, Stroud, Gloucestershire,  
GL6 6BN, England  
Fax: 44 1453 886 287 E-mail address:  
john@gable.star.co.uk

**UPCOMING EDUCATION SUPPLEMENTS:**

**MARCH 23**  
American Summer Camps

**APRIL 23**  
Travel for Knowledge

**MAY 18**  
International Business Education

**OCTOBER 12**  
International Education

**NOVEMBER 9**  
Travel for Knowledge

**NOVEMBER 16**  
International Business Education

\*dates are subject to change

**Herald Tribune**  
THE WORLD'S DAILY NEWSPAPER

**Webster UNIVERSITY**

Earn an Accredited American Degree in Geneva and at any of our other campuses

**BA BBA BS MA MBA**  
Business • Computer Science • Counseling • Health Care Management • Human Resources Development • International Business • International Relations • Management Marketing • Media Communications • Psychology • Sociology

15, Route de Collex - 1293 Bellevue  
Geneva - Switzerland  
Tel: +41 22 774 24 52 - Fax: +41 22 774 30 61  
E-mail: admissions@webster.ch  
http://www.webster.ch

GENEVA • LEIDEN • LONDON • VIENNA • ST. LOUIS

**THE LEVERAGE FOR YOUR FUTURE**

Intensive and dynamic courses leading to a

**MBA**  
general management

full and part time programmes in Lausanne overlooking Lake Geneva

For more information:  
**ECOLE DES HEC**  
UNIVERSITE DE LAUSANNE  
BSE1 - 1015 Lausanne - Switzerland  
tel: (+41 21) 692 33 90 - Fax: (+41 21) 692 33 95  
www.hes.ch/hec/heceng/heceng.html E-mail: info@hec.ch

**Executive Education**

1. AGBS ☐

2. Business School Lausanne ☐

3. HEC Lausanne ☐

4. International University Geneva ☐

5. Robert Kennedy University ☐

6. Webster University ☐

**Colleges & Universities**

7. Académie de Langues et de Commerce ☐

8. DOZ ☐

**Days & Boarding Schools**

9. Collège du Léman ☐

10. Ecole Chantemerle ☐

11. Ecole Lémanica ☐

12. Institut Monte Rosa ☐

13. Ecole Villa Pierrefer ☐

14. John F. Kennedy International School ☐

15. Leysin American School ☐

**Summer Schools & Camps**

16. International Summer Camps Montana ☐

17. Village Camps ☐

**Hotel & Management Schools**

18. Ecole Hôtelière de Lausanne ☐

19. HEM Montreux ☐

20. HOSTA ☐

21. HOTELCONSULT ☐

22. IHTH ☐

**Special Education**

23. FEDEA ☐

**Education Counselor**

24. FSEP ☐

Name: \_\_\_\_\_

Home Address: \_\_\_\_\_

Job Title: \_\_\_\_\_

E-mail: \_\_\_\_\_

21-03-98

**ATTENTION EFL TEACHERS IN EUROPE**

For information regarding our 1998 "Newspaper in the Classroom" materials please contact:

**EMILIE LEVEAU**  
EDUCATIONAL SERVICES DEPARTMENT  
**Herald Tribune**  
THE WORLD'S DAILY NEWSPAPER

181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex - France  
Tel: 33 1 41 43 94 39 - Fax: 33 1 41 43 92 26  
E-mail: emile@leveau.com

For information on educational services in the Americas call toll-free 1-800-892-2824 and in Asia contact our Hong Kong office at (852) 29 22 11 71.

**Business School Lausanne**

for BBA, MBA, Executive MBA and DBA

Professional accreditation is the only guarantee of quality of a business programme

**BSL is the first business school in Europe to have full ACBSP accreditation**

Pragmatic business taught by current, successful business practitioners

Business School Lausanne, PO Box 2290,  
1002 Lausanne, Switzerland  
Tel: +41 21 617 38 33 Fax: +41 21 617 38 37  
email: bsf@iprolink.ch



\_\_\_\_\_

day	65-day	90-day	Contract
596	1.4670	1.4523	
171	1.4160	1.4151	Japanese yen
797	1.8263	1.8233	Swiss franc

Amsterdam); Cera Investment Bank (Geneva); C. de France (Paris); Bank of Tokyo (Tokyo) (SDR). Other data from *the New York Times*.



**Compiled by Our Staff From Dispatches**

**See LOSS, Page 15**

**By Philip Segal .**  
*Special to the Herald Tribune*

**See LEUNG, Page 15**

**Compiled by Our Staff From Dispatches**

But Mr. Berlusconi was said to have

1995, but they fell through after Mr. Berlusconi refused to cede control.

**Bloomberg News**

But Mr. Berlusconi was said to have

1995, but they fell through after Mr. Berlusconi refused to cede control.

**By Michael R. Gordon**  
*New York Times Service*

**VICTOR**  
20, Boulevard Emmanuël  
R.C. Luxembourg

## Bloomberg News

**VICTOIRE ARIANE**  
20, Boulevard Emmanuel Servais, L-2535 Luxembourg  
R.C. Luxembourg B 34 296

[illegible]

Amsterdam, March 18, 1998

20, Boulevard Emmanuel Servais, L-2535 Luxembourg  
R.C. Luxembourg B 34 206

**AVIS AUX ACTIONNAIRES**

Mesdames les actionnaires sont convoqués par le présent avis à

**L'ASSEMBLEE GENERALE ORDINAIRE DES ACTIONNAIRES**

qui se tiendra, au siège social à Luxembourg le 31 Mars 1998 à 15h00  
avec l'ordre du jour suivant :

**ORDRE DU JOUR**

1. Compte rendu d'activité du Conseil d'Administration pour l'exercice se terminant le 31 Décembre 1997 ;
2. Rapport du Réviseur d'Entreprises pour l'exercice se terminant le 31 Décembre 1997 ;
3. Adoption des comptes de l'exercice se terminant le 31 Décembre 1997 ;
4. Affirmation du résultat de l'exercice se terminant le 31 Décembre 1997 ;
5. Décharge aux Administrateurs et au Réviseur d'Entreprises pour l'exercice se terminant le 31 Décembre 1997 ;
6. Réélection des organes sociaux :
  - Réélection des Administrateurs ;
  - Réélection du Réviseur d'Entreprises ;
7. Divers.

Les actionnaires sont informés qu'aucun quorum n'est requis pour cette assemblée et que les décisions sont prises à la majorité simple des actions présentes ou représentées.

Chaque action a un droit de vote.

Tout actionnaire peut voter par mandataire. A cette fin, des procurations sont disponibles au siège social et seront envoyées aux actionnaires sur demande.

Afin d'être valables, les procurations dûment signées par les actionnaires devront être envoyées au siège social afin d'être reçues le jour précédant l'assemblée à 17 heures au plus tard.

Les propriétaires d'actions au porteur, désirant participer à cette assemblée, devront déposer leurs actions cinq jours ouvrables avant l'assemblée au siège social de la société.

Les actionnaires désireux d'obtenir le Rapport Annuel Audité peuvent s'adresser au siège social de la société.

Pour la Société,

**BANQUE DE GESTION EDMOND DE ROTHSCHILD LUXEMBOURG**  
- Société Anonyme -  
20, Boulevard Emmanuel Servais  
L-2535 LUXEMBOURG







# A British City Abuzz Over Euro

York Meeting for EU Officials Primes Britons for New Currency

By Barry James  
International Herald Tribune

**YORK, England** — This medieval city gave the proposed European single currency, the euro, a better reception Friday than an earlier attempt to introduce a new coinage in the realm about 1,200 years ago.

Back in the eighth century, York rejected an attempt to introduce a new silver coin used elsewhere in the Carolingian empire and went on minting its own coinage until a Viking invasion put an end to such independence.

The city and local traders spent hundreds of thousands of pounds, however, to welcome European Union finance ministers and central bank governments this weekend to a two-day informal meeting — an event so humdrum that usually it has difficulty raising a yawn.

The meeting here, while lacking substance, formed part of the general excitement leading up to the selection May 2 of countries that will form the single currency zone, the naming of a president of the new European Central Bank and the irrevocable setting of conversion rates between national currencies and the euro.

On Wednesday, the European Commission, the EU executive

body, will give its opinion on which countries meet the criteria for joining the euro zone.

Observers said the lavishly organized York meeting, which began Friday, appeared to be part of a public relations campaign to prepare the population to accept the euro one day while not yet making a commitment to join.

The chancellor of the Exchequer, Gordon Brown, said that Economic and Monetary Union was not on the agenda. Nor was the question of who should head the central bank. Both France and the Netherlands have proposed candidates — Jean-Claude Trichet and Wim Duisenberg — for the most important economic job in Europe.

As president of the EU until June 30, Britain would be the logical country to mediate the conflict over the bank's leadership, but Mr. Brown commented merely that "a decision does not have to be taken before May."

At the same time, Mr. Brown is powerless to stop the countries within the single-currency zone from setting up a council to coordinate their policies, without Britain. EU sources said the informal council probably would gather just before a meeting of finance ministers in

Brussels on May 19 to discuss the relationship between the zone and the rest of the world.

Mr. Brown was sticking to an apparently anodyne agenda, including the need to develop more efficiency in capital markets.

The Labour government has said it would not make a decision on joining the single currency until after the next general election, probably in 2002.

If the euro gains quickly in importance and credibility, however, British manufacturers will find it increasingly difficult to remain outside the single-currency zone. For example, like other companies in the Swiss-owned Nestle group, Nestlé Rowntree Division of York, the biggest manufacturer in the city, plans to adopt the single currency for internal accounting at the earliest possible opportunity on Jan. 1.

"We are not asking our U.K. suppliers to invoice us in euros, but I think there'll be an inevitable movement in that direction," said Peter Blackburn, chairman of Nestlé UK Ltd.

In York, signs went up all over town to publicize the so-called "eurofin" — economy and finance — meeting. A blue and gold EU flag flew from the flagpole on top of the York Minster. Residents seemed be-



A demonstrator protesting against the euro outside the assembly hall in York on Friday.

musied by all the fuss.

Mr. Brown said Britons were more willing now to look at the "economic benefits and consequences" of monetary union.

However, demonstrators began massing outside the assembly hall where the ministers were meeting, proclaiming: "No euro. Keep our pound."

Peter Addyman, director of the York Archaeological Trust, said it was all reminiscent of the attempts to keep out the silver Carolingian penny that was used over much of the present Union.

# Steel Groups Strut Stuff In Germany

Compiled by Our Staff From Dispatches

**BONN** — The steel and engineering groups Thyssen and Krupp continued their merger talks Friday, both announcing favorable earnings data and hoping for an advantage in the sticky question of what each is worth.

The merger, expected to be completed in the autumn, will create one of Europe's largest steel groups, with 186,000 employees and annual sales of 70 billion Deutsche marks (\$38.2 billion).

Fried. Krupp AG Hoesch-Krupp said its group net profit more than doubled in 1997, to 437 million DM from 208 DM in the year before. Sales rose 5 percent, to 25.1 billion DM.

Krupp also said it would raise its dividend to 8 DM from 5 DM.

Thyssen AG, the larger of the two, said at its annual shareholders meeting that income from ordinary activities more than doubled to 1.5 billion DM in the year ended last September and that it expected income from ordinary activities to show further improvement this year.

Thyssen said it expected sales to rise to 45 billion DM in the current financial year, from 40.8 billion the previous year.

Thyssen and Krupp, which will be known as Thyssen Krupp AG after the merger, agreed to combine their flat-steel units last summer and have been negotiating a full merger since then. The question of relative valuations is the last remaining major hurdle to the fusion.

The Thyssen supervisory board chief, Heinz Kriwet, dismissed a report of differences with executive management and said his company should be worth from 65 to 68.3 percent of the merged entity.

Key Krupp shareholders want to keep a "blocking minority" of 25 percent in the new company, while Thyssen shareholders hope to prevent that.

Eikehard Schulz, the designated co-chief executive of Thyssen Krupp, said an independent team would complete an assessment of the value of the two companies by the summer.

"The interests of Thyssen shareholders will certainly not be neglected in the merger," he said.

Krupp shares closed Friday at 365.50 DM, up 6.80 DM. Thyssen shares closed at 430 DM, up 50 pfennig. (Bloomberg, Reuters)

# Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5000	6000	3750
4700	5750	3500
4400	5500	3250
4100	5250	3000
3800	5000	2750
3500	4750	2500
O N D J F M 1997 1998 O N D J F M 1997 1998 O N D J F M 1997 1998		
Exchange	Index	Fifty Close
Amsterdam	AEX	1,120.98
Amsterdam	AEX	1,101.69
Amsterdam	AEX	+1.75
Brussels	BEL-20	2,997.79
Brussels	BEL-20	2,924.66
Brussels	BEL-20	+1.47
Frankfurt	DAX	5,001.55
Frankfurt	DAX	4,936.32
Frankfurt	DAX	+1.32
Copenhagen	Stock Market	744.39
Copenhagen	Stock Market	737.78
Copenhagen	Stock Market	+0.85
Helsinki	HEX General	4,266.75
Helsinki	HEX General	4,276.14
Helsinki	HEX General	-0.49
Oslo	OBX	728.19
Oslo	OBX	730.40
Oslo	OBX	-0.30
London	FTSE 100	5,956.38
London	FTSE 100	5,997.90
London	FTSE 100	-0.69
Milano	Stock Exchange	850.08
Milano	Stock Exchange	827.06
Milano	Stock Exchange	+2.78
Niitra	NIBTEL	2,275.2
Niitra	NIBTEL	2,233.7
Niitra	NIBTEL	+2.04
Paris	CAC 40	3,688.91
Paris	CAC 40	3,688.68
Paris	CAC 40	+0.01
Stockholm	SX 16	3,320.77
Stockholm	SX 16	3,398.48
Stockholm	SX 16	+0.57
Vienna	ATX	1,443.16
Vienna	ATX	1,430.97
Vienna	ATX	+0.85
Zurich	SPI	4,361.21
Zurich	SPI	4,477.35
Zurich	SPI	-1.29

Source: Telekurs

International Herald Tribune



12 Month		Stock	Div	Yld	PE	52		Low	Interest	Change
High	Low					Yrs	High			

[illegible]

...sured the family  
...The company has  
...a press release,  
...son, father and son,  
...said nothing about it  
...until now.

...son, Michael Zilkha,  
...promised his father, Se-  
...the company make  
...bring appearance in cy-  
...by starring one of  
...s first Web sites.  
...where at this site are  
...owners' names men-

...to the Zilkhas, the com-  
...a triumph is proof of the  
...as possible from bring-

**INDONESIA**

continued from Page 1

...the value of the rupiah  
...daily by tacking it with  
...for outside analysts  
...the idea unrealistic and  
...gives, given the fragility  
...the economy, and some  
...ered that it might be a  
...ing tactic as Indone-  
...an easing of the re-  
...is agreed to in Janu-

...particular, Indonesia is  
...to relax its agreement  
...to move expenses  
...or supports from basic  
...income.

...and food shortages and  
...worsens have caused

**ISS: Japanese**

continued from Page 11

...for 720 yen, down  
...Friday's close of 820  
...Bloomberg, Reuters)

**News for Banks**

...bank news hit Japan's  
...lending industry on  
...a leading U.S. cred-  
...agency lowered its  
...of one bank and  
...of a possible down-  
...another, news agen-  
...sured from Tokyo.

...investors Service  
...had cut its credit  
...Long-Term Credit  
...Japan Ltd., including  
...watched financial  
...rating.

...downgrade reflects  
...concerns that  
...asset quality prob-  
...continue to pres-  
...ential base, the rat-  
...ing said.

...also said it had  
...lowered ratings of an



## ASIA/PACIFIC

## Will India Finally Yield to Pressure on Patent Protection?

By Miriam Jordan  
Special to the Herald Tribune

NEW DELHI — First, an American university patented the healing properties of turmeric powder, cherished in India since ancient times for its power to cure wounds. Now Delhi challenged the patent and won last year.

Now, a U.S. company has obtained a patent for a new line of rice that it describes as basmati — a long-grained, aromatic variety considered indigenous to the subcontinent and exported worldwide. India is considering how to fight the move.

It is not surprising that India, endowed with a wealth of plant life and traditional lore, would treasure its intellectual property. Paradoxically, however, these complaints are coming from a country that is regarded as a major offender of intellectual property rights.

Despite international pressure, New Delhi has refused to enact patent legislation for political reasons. But such protection, experts say, is a necessary step to encourage foreign investment here. And India's tarnished reputation puts the country at a disadvantage in challenging violations overseas.

In the basmati case, the United States recently granted a patent to RiceTec, Inc., a company based in Alvin, Texas, for a strain of rice that it developed. RiceTec says that its rice boasts qualities similar to the best Indian basmati, but has a different genetic makeup.

The invention of a new type of rice does not irk India. But calling the American-grown rice basmati enrages Indian authorities and rice growers, who say it typifies Western disdain of India's scientific heritage and business interests.

Annually, India sells more than \$300 million worth of basmati to the Middle East, Europe and North America. "This is one of the best rice in the world, and it's unique to India and Pakistan," said Anil Adlakha, executive director of the All India Rice Exporters Association. "They are underestimating us."

Robin Andrews, chief executive of RiceTec, disagrees that the name basmati should apply only to rice from India and Pakistan. "We consider it to be a generic term and it is used in the patent in that sense," he said.

The Indian government is studying whether to contest the RiceTec patent in the United States. Sep-

arately, India's agricultural export promotion body is challenging RiceTec's application in Britain to register the trademark Texamati for Texas-grown rice.

On Friday, India's state-run Spices Board said it, too, had set up a committee to study ways to combat the granting of patents to traditional spices such as cardamom, coriander and fennel and their extracts in other countries, particularly the United States.

The committee will prepare a report that establishes the spices' traditional use in the country so that none can claim patent elsewhere, the board's chairman, V. Jayashankar, told Reuters.

There have been various efforts in India to establish protection for drugs and other products. In 1995, the Parliament considered a patent bill for pharmaceuticals and agrochemicals. But local drug companies lobbied fiercely against the bill,

convincing many politicians that it would spell death for their businesses and drive up the price of drugs. The frailty of subsequent coalition governments has prevented reintroduction of the bill.

"The total absence of a pharmaceutical patent in India is the biggest hurdle to investment here," said D. Bhadury, managing director of Hoechst Marion Roussel Ltd., the Indian unit of the German chemicals giant Hoechst AG.

Local drug makers pirate thousands of foreign products. Multinational pharmaceutical companies estimate that each year their industry loses about \$500 million in potential sales in India. Pfizer Inc., for one, withdrew from the Indian market drugs such as amiodipine, used to treat hypertension, and azithromycin, an antibiotic, after finding it impossible to compete with cheap copycats.

Brazil attracted nearly \$1 billion

in investment from pharmaceutical firms within one year of enacting a modern patent bill in 1996, according to industry estimates. Last year, Pfizer invested only \$2 million in research and development in India.

"We would have invested several times more if India had changed its legislation," said Richa Chandra, head of the clinical research division for Pfizer in India.

As a member of the World Trade Organization, India is obliged to enact patent protection for pharmaceuticals, agrochemicals and food by 2005. The new government led by the Hindu nationalist Bharatiya Janata Party has pledged to resist pressure from the trade organization. Still, trade experts expect the government to enact legislation to meet the minimum requirements of the organization.

In particular, executives express hope that international pressure on India, combined with mounting pressure from Indian companies eager to protect their own inventions, will prompt government action. In 1994, for instance, the government bowed to pressure from India's high-tech industry to pass a

modern copyright law to protect its software. But for now, with the lack of patent protection at home, Indian pharmaceutical firms are forced to seek patents for their products in the United States or Europe.

"Our scientific community is beginning to realize that a lot of their innovations are being flushed down the toilet," said Pravin Anand, an intellectual property rights lawyer in New Delhi.

In the basmati case, many experts believe that India would be in a stronger position if it had its own so-called geographical appellations bill. Such a law may have conferred on basmati rice a special status, based on the unique climate and soil of India as well as indigenous cultivation practices — making it more difficult for another country to market its own rice as basmati.

"Rather than look at these issues emotionally, let's put our systems in place — let's modernize our patent office," said Raghunath Mashelkar, a senior bureaucrat who led the team that fought the trademark dispute and who heads the team examining the basmati case. "How long can we fight these cases one by one?"

## The lack of a pharmaceutical patent in India 'is the biggest hurdle to investment.'

## SK Telecom Gives In to Minority Shareholders

By Don Kirk  
International Herald Tribune

SEOUL — SK Telecom Co. yielded to pressure from minority shareholders on Friday by promising to reserve two board seats for stockholders outside the family circle that owns the company.

Analysts said the move represented a giant step toward respecting shareholder rights in South Korea.

The country's biggest mobile-phone service provider surrendered to the demands of four funds that had threatened to turn an upcoming stockholders' meeting on Friday into a battle over minority-shareholder rights.

Analysts said the decision was a landmark in the struggle to modernize South Korean business and industry in response to rules set forth by the International Monetary Fund in December in return for its \$60 billion package that rescued the country's economy.

"It's a very positive development," said Cristoforo Rocco,

manager for J. Henry Schroder, the securities firm. "It's showing that Korea is coming to grips a lot quicker than other countries with economic crisis."

"Once you come to grips with shareholder rights," Mr. Rocco added, "then you recognize that running companies for the sake of the shareholders is important."

Shares in SK Telecom, part of the SK Group, rose 31,000 won to close Friday at 561,000 won (\$380).

Dan Howard, regional manager for the securities firm Hoare Govett Asia, predicted other major companies would have no choice but to follow the lead of SK Telecom and respect the rights of minority shareholders, who generally have had no say in company affairs.

"The trend is going to go all the way," he said. "It's inevitable. These guys are bankrupt, and they need to get out of it."

The trend indeed may be catching. Samsung Electronics Co. is expected to name a foreign director in anticipation of outside pressure

to do so. Local shareholders groups are going to court in pursuit of their rights at other companies.

Although SK Telecom is not literally bankrupt, the company, like many other South Korean businesses, is struggling to pay its bills. The SK Group is burdened by a debt-to-equity ratio of nearly five to one, considerably above the national average of 3.8 to one.

SK's decision to appoint directors supported by minority shareholders was incorporated in a formal agreement with four funds that had united for their campaign under Tiger Management Inc.

The group, including the Korea Fund, the Oppenheimer Global Fund, the Oppenheimer Value Account Fund and the TEI Fund, held nearly 10 percent of SK Telecom's stock.

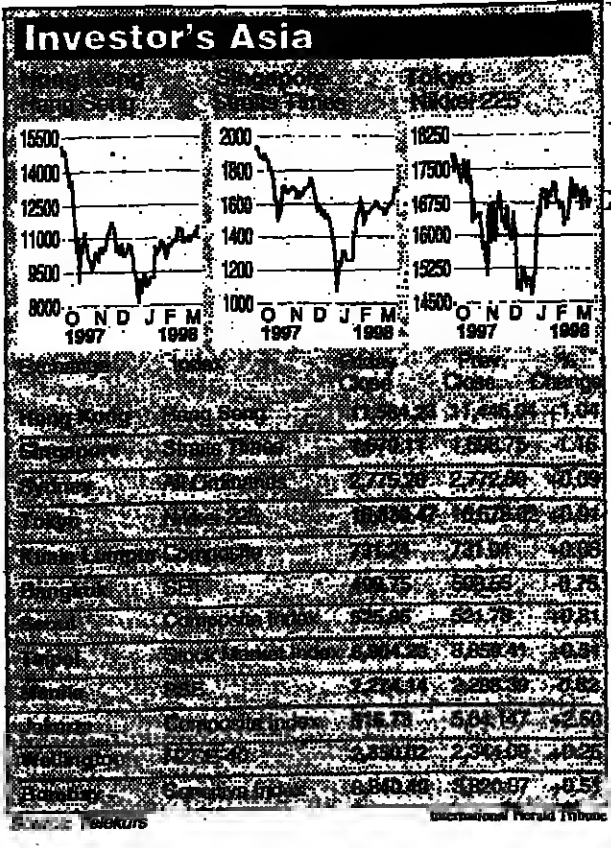
The agreement also includes another key point: the right of minority shareholders to name auditors. The purpose, in accordance with the IMF as well as foreign investors, is to achieve the "transparency" needed for understand-

ing profits, sales, losses and expenses, which have often been carefully hidden.

Outside directors will tell company executives "to start rewarding shareholders rather than rewarding friends and relatives," said Mr. Howard.

That remark reflected the sense that leaders of chaebol, or conglomerates, typically divert funds from one company to another with in their group, utilize the facilities of some companies for the benefit of others and favor companies within their groups with contracts.

Lee Jee Woo, an analyst with the Federation of Korean Industries' Economic Research Institute, predicted that founding-family shareholders would lose more and more power as they sold assets to investors in order to get cash to pay off their debts. "People are worried about losing change," he said. "In the past, the controlling shareholders had all the power. Now the characteristic of Korean management is changing, voluntarily or involuntarily. They have to adjust."



## Very briefly:

- President Enterprises Corp., Taiwan's largest food company, posted a 72 percent drop in pretax profit for February, to 110 million Taiwan dollars (\$3.4 million) from 398 Taiwan dollars in the same period a year earlier, amid rising competition.
- Nomura Securities Co.'s directors approved a sales ethics code that prohibits employees from entertaining public servants. The code is part of an overhaul designed to prevent incidents such as the bribery scandal last year.
- Singapore's exports rose 22.1 percent in February from a year ago to 29.6 billion Singapore dollars (\$18.49 billion), thanks to strong growth in sales to the United States and Europe, the Trade Development Board said.
- Broken Hill Proprietary Co. of Australia said it would take a loss of \$98 million from the sale of its Hawaiian petroleum assets to Tesoro Petroleum Corp. of the United States.
- Australia said it had received 586.7 million Australian dollars (\$389 million) from the second stage of its airport privatization plan, selling long-term leases for six of the 15 airports up for sale in the current group. Bloomberg, Reuters

## Japan's Bank Chief Critiques Rates

The Associated Press

TOKYO — The new head of the Bank of Japan said Friday that years of super-low interest rates had hurt Japanese businesses.

"As an individual, I've felt that the current level of interest rates is too low," Masaru Hayami said after taking office as central bank governor, although he said that raising rates should only be considered after there was "self-sustaining" growth.

His remarks were surprising because — with economic growth stuck in low gear for years — the central bank has avoided suggestions of higher interest rates.

## VIRTUAL: Energy Exploration Company Strikes It Rich the High-Tech Way

Continued from Page 1

Zilkha Energy's virtual invisibility suited the family that ran it. The company has never issued a press release, and its owners, father and son, have said nothing about it publicly until now.

The son, Michael Zilkha, had persuaded his father, Selim, to let the company make a flickering appearance in cyberspace by starting one of the industry's first Web sites. But nowhere at that site are the owners' names mentioned.

For the Zilkhas, the company's triumph is proof of the returns possible from bring-

ing a new approach to what seems like a mature business. Buying huge volumes of digitized data covering most of the Gulf's shelf, they hired the best geologists they could find and gave them the latest computer tools for turning all that data into drilling strikes.

While many competitors, large and small, have taken similar steps, Zilkha's success stands out in speed and scale. "It's astounding on people that the high value added is information technology, to locate hydrocarbons 10,000 feet below the surface of the earth," said Bill White,

a former deputy secretary of energy. Because Zilkha recognized this, he said, "they're making more money than anyone else in the business."

Drilling success rates are stable or rising even as companies explore in places they would not have risked a few years ago. They are finding new oil and gas reservoirs in areas they thought were uneconomical or tapped out, like the North Sea, East Texas and the Gulf of Mexico.

This technological progress has created a new balance of economic power. After years of decline, oil production by non-OPEC nations began rising in 1995. Instead of cowering at OPEC

threats, the rest of the world can now impose its own embargo, on Iraqi oil. Oil prices, even before adjusting for inflation, have fallen to the lowest levels in almost a decade, while natural gas prices have been stronger.

To others in the industry, the Zilkhas' success is all the more surprising because they are outsiders. Iraqis whose fortune has its origins in banking and retailing, Kheoury Zilkha, Selim's father, opened a one-room bank in Baghdad in 1899, eventually expanding around the world.

In his turn, Selim founded the Mothercare retail chain, offering everything for mother and child.

In 1983, after selling that chain, he paid \$28 million for 44 percent of a company called Tower Petroleum.

"What attracted me was, I was very ignorant," Selim Zilkha said.

In 1984, after the company had taken a detour into bankruptcy, Selim Zilkha paid \$11 million more to own it all.

He renamed the company and turned it from an investor to an explorer and producer in its own right.

Fitch cut the ratings of Malaysian Banking Bhd., Public Bank Bhd., Bank of Commerce Bhd. and Bank Bumiputra Bhd., which is state-owned.

The downgrade comes after Finance Minister Anwar Ibrahim warned Monday that Malaysia was unlikely to achieve economic growth of 4 percent to 5 percent this year, as the government forecast in December.

The slowing economy is contributing to an increase in loan defaults at banks.

An "immediate risk for Malaysian banks is exposure to share-related lending," Fitch said.

Major oil companies had all but abandoned a continental shelf extending an average of about 150 miles (240 kilometers) from shore. Federal leases and geological data had become exceptionally cheap.

Zilkha concentrated on buying up enough 3-D seismic data to cover almost the entire shelf, from the barrier islands of South Texas past Louisiana, Mississippi and Alabama to the Florida panhandle. To generate the data, ships bounce sound signals off underground formations. Computers translate the responses.

The practice for other exploration companies was first to decide roughly where to drill, then buy patches of data for pinpointing. Zilkha, however, offered companies that "collect the data a deal: sell us your every bit, byte and number, but at wholesale. Zilkha could then scan for the best prospects, and either gain leases on the cheap or strike exploration agreements with other leaseholders."

The result, from 1992 through last September, was a 66 percent success rate on 79 wells, more than double the industry's average.

In recent years, as others caught on to the Gulf's potential, Zilkha has stayed ahead with technology investments that reached \$5 million last year. When new seismic results become available, usually to several buyers at once, Zilkha can often analyze them quickly enough to capture the choicest opportunities. And while petroleum companies tend to seek partners to share exploration risks, Selim Zilkha, confident in his company's prowess, never times of saying, "If it's worth drilling, drill it all."

Mr. Fuad's statement Friday put the idea in the past tense. "The currency board system was only an alternative," he said.

"The important thing is that we have to find alternatives to stabilize the exchange rate at a realistic level. We have other alternatives that are being discussed."

Mr. Fuad spoke after meeting with Hubert Neiss, the chief of the IMF delegation that began meeting with Indonesian officials in Jakarta on Thursday.

Mr. Neiss said, "You have to wait until we have finished."

Mr. Fuad's statement Friday put the idea in the past tense. "The currency board system was only an alternative," he said.

"The important thing is that we have to find alternatives to stabilize the exchange rate at a realistic level. We have other alternatives that are being discussed."

Mr. Fuad spoke after meeting with Hubert Neiss, the chief of the IMF delegation that began meeting with Indonesian officials in Jakarta on Thursday.

Mr. Neiss said, "You have to wait until we have finished."

## INDONESIA: Finance Minister Calls Currency Peg Unworkable

Continued from Page 1

boost the value of the rupiah artificially by backing it with dollars.

Most outside analysts found the idea unrealistic and dangerous, given the fragility of the economy, and some suggested that it might be a negotiating tactic as Indonesia seeks an easing of the reforms it agreed to in January.

In particular, Indonesia is seeking to relax its agreement in January to remove expensive price supports from basic commodities.

Recent food shortages and price increases have caused

dozens of riots. The official Indonesian press agency, Antara, on Friday quoted the head of Bulog, the government's commodities regulating agency, as saying that the IMF had agreed to the continuation of subsidies for food and medicine.

"The currency peg was certainly not practicable at the current time — everybody knew that," Song Sen Wun, economist at GK Goh Securities in Singapore, told Bloomberg News. He forecast "a selective application" to foodstuffs and basic commodities.

The upbeat mood of the meetings with the IMF

bolstered the value of the rupiah Friday. It stood at 10,250 to the dollar, slightly stronger than its close Thursday at 10,315.

Indonesia's apparent fascination with the idea of a currency board has drawn warnings from the Fund that it might cut off assistance if such a step is taken.

Over the last month, Indonesian officials have softened their position, saying a board would not be put in place immediately, but they have continued to promote the idea as a possible enhancement to the IMF formula for economic restructuring.

Mr. Fuad's statement Friday put the idea in the past tense. "The currency board system was only an alternative," he said.

"The important thing is that we have to find alternatives to stabilize the exchange rate at a realistic level. We have other alternatives that are being discussed."

Mr. Fuad spoke after meeting with Hubert Neiss, the chief of the IMF delegation that began meeting with Indonesian officials in Jakarta on Thursday.

Mr. Neiss said, "You have to wait until we have finished."

Mr. Fuad's statement Friday put the idea in the past tense. "The currency board system was only an alternative," he said.

"The important thing is that we have to find alternatives to stabilize the exchange rate at a realistic level. We have other alternatives that are being discussed."

Mr. Fuad spoke after meeting with Hubert Neiss, the chief of the IMF delegation that began meeting with Indonesian officials in Jakarta on Thursday.

Mr. Neiss said, "You have to wait until we have finished."

Mr. Fuad's statement Friday put the idea in the past tense. "The currency board system was only an alternative," he said.

## LOSS: Japanese Yogurt Maker Takes a Beating on Derivatives

Continued from Page 11

day was for 720 yen, down from Thursday's close of 820 yen. (Bloomberg, Reuters)

## Bad News for Banks

More bad news hit Japan's troubled banking industry on Friday, as a leading U.S. credit rating agency lowered its ratings of one bank and warned of a possible downgrade for another, news agencies reported from Tokyo.

Moody's Investors Service Inc. said it had cut its credit ratings of Long-Term Credit Bank of Japan Ltd., including the closely watched financial strength rating.

"The downgrade reflects Moody's concerns that LTCB's asset quality problems may continue to pressure its capital base," the rating agency said.

Moody's also said it had placed credit ratings of another major bank, the Indus-

trial Bank of Japan Ltd., under review for a possible downgrade.

Also on Friday, Nissan Motor Co., Japan's No. 2 automaker, had its long-term debt rating lowered to one step above junk by Standard & Poor's Corp. on concern

earnings would be hurt by slowing sales.

The news came the same day that the lower house of Parliament approved the nation's budget. The \$600 million spending plan paves the way for politicians to discuss more openly their long-

awaited plans to spend more money to boost the economy.

Economists have said that the Japanese economy is likely to record its worst performance in nearly a quarter century when the fiscal year closes at the end of this month.

## LEUNG: Bankruptcy Judge Raises Questions

Continued from Page 11

result of the Asian crisis.

Mr. Leung saw it otherwise: "My team is the best of the best. They deserve a good bonus."

The judge also said that when Mr. Leung and BNP held a news conference on Feb. 2, announcing a deal, they broke a secrecy agreement and "the interests of the creditors were not being looked after."

In the only interview he has given that responded to the

judgment, Mr. Leung told the South China Morning Post that he was consulting his lawyers about whether to take legal action against the judgment, saying that the court "didn't have all the information. They didn't ask me to explain it. They are not in this business. They do not know."

BNP declined to comment on the judgment.

Now, the controversy over the Peregrine sale has deepened. In taking Mr. Leung and BNP to task, Judge

Rogers also came down hard on the accounting firm Price Waterhouse for failing to reveal until late in the BNP deal that in addition to acting as the liquidator, whose role is to get the best deal for Peregrine creditors, the firm also audits several BNP companies.

The episode has thrown the Peregrine liquidation under such a cloud that on Wednesday the Hong Kong Society of Accountants began an investigation into the conduct of Price Waterhouse.

## Ratings Cut For 4 Banks In Malaysia

Bloomberg News

KUALA LUMPUR — Four of Malaysia's biggest banks had their credit ratings cut by Fitch IBCA Ltd. on Friday, as a slump in the country's real-estate industry amid a slowing economy increased concern that bad loans would rise.

Fitch cut the ratings of Malaysian Banking Bhd., Public Bank Bhd., Bank of Commerce Bhd. and Bank Bumiputra Bhd., which is state-owned.

The downgrade comes after Finance Minister Anwar Ibrahim warned Monday that Malaysia was unlikely to achieve economic growth of 4 percent to 5 percent this year, as the government forecast in December.

The slowing economy is contributing to an increase in loan defaults at banks.

An "immediate risk for Malaysian banks is exposure to share-related lending," Fitch said.

## Jardine Fleming to Link With 11 Japanese Firms

Bloomberg News

TOKYO — Jardine Fleming Holdings Ltd., one of Asia's biggest securities companies, said Friday it would join 11 Japanese companies, including Yasuda Mutual Life Insurance Co. and the trading company Marubeni Corp., in setting up a brokerage specializing in selling mutual funds in Japan.

The new company — to be called Nippon Investors Securities — will be formed next month and start business on June 1. It will be the first securities company in Japan to specialize in sales of investment trusts, and will offer both foreign and Japanese funds.

"Compared to the U.S., where methods for selling investment funds are highly diversified, brokerages were the only ones doing so in Japan," said Takashi Miyasaka, executive vice president of Jardine Fleming Investment Trust & Advisory Co.

Nippon Investors Securities will be capitalized at 1 billion yen. Mr. Miyasaka will be the executive representative.

Jardine Fleming Investment Trust, Yasuda Mutual Life Insurance, Yasuda Fire

& Marine Insurance Co., Secom Co., Marubeni and Fuji Bank Ltd. will each hold a 10 percent stake; Yasuda Trust & Banking Co., Yasuda Investment Advisers, Dai Nippon Printing Co. and Kissei Pharmaceutical Co. will each hold 5 percent; Japan Divers Club 1 percent; other corporate shareholders will hold a combined 10 percent and company directors a combined 9 percent.

■ A Dresdner-Meiji Link  
Dresdner Bank AG of Germany, seeking a major stake in the Japanese asset management market, announced Friday the merger of its local operations in the sector with Meiji Mutual Life Insurance Co., Agency France-Press reported from Tokyo.

The two companies will merge their investment advisory units, Dresdner RCM Global Investors Japan Ltd. and Meiji Capital Management Co., in the first half of the fiscal year beginning April 1.

The new firm, called Meiji Dresdner Asset Management, will be 51 percent held by the Meiji Life group and 49 percent by Dresdner, they said.

CHINA

Extraordinary Treasures from the People's Republic of China  
February 6 - May 24  
On view at both locations

uptown  
1071 5th Ave. at 89th St.

downtown  
575 Broadway at Prince St.  
Information 212 423 3500  
www.guggenheim.org

Sponsored by Lufthansa German Airlines, NOKIA, Ford Motor Company, The Coca-Cola Company

Significant additional support:  
Sara Foundation, W. L. S. Spencer Foundation,  
Mott Building Company Limited,  
National Endowment for the Humanities

GUGGENHEIM



E-mail address: moneyrep@iht.com

Website: www.iht.com/IHT/MONEY

## Talking About a High-Tech Revolution: Times Are (Still) Changing

A Roundtable  
Tracks Trends  
And Players

**H**IGH TECHNOLOGY in changing times was the topic of a roundtable organized on March 12 by The Money Report in San Francisco. Four professional investors joined Aline Sullivan and Holly Preston on March 12 at the Huntington Hotel for drinks, hors d'oeuvres and a discussion of trends and players in the world of high technology.

The investors were: Liz Buyer, senior industry analyst at DMG Technology; Gill Cogan, co-managing partner of the venture-capital firm Weiss, Peck & Greer Venture Partners; Kevin Landis, co-founder of the Interactive Investments Technology Value Fund, and Michael Murphy, founder of the California Technology Stock Letter, the Overpriced Stock Service and author of "Every Investor's Guide to High-Tech Stocks and Mutual Funds," which was published in January by Broadway Books.

News of Oracle Corp.'s record third-quarter profit, which had exceeded many stock-market analysts' expectations for the database company, kicked off the discussion.

**Q. Could Oracle's earnings announcement herald better news for the industry?**

**Mr. Murphy:** There are a couple of good years ahead for technology. Apart from the overhanging problems from Asia, we are experiencing strong product cycles in computing, communications and biotechnology. In these areas, product cycles are more important than incremental economic cycles.

Only half of corporate computers in the U.S. have converted to 32-bit Windows 95 type computers. The other half are still 486s or older. 20 percent of these are 386s or older. That cycle has got a way to run, particularly in Europe, which is further behind and finally starting to come out of the doldrums. In 1998 and 1999, personal computer sales should rise by double digits. Communications is growing even faster because the Internet is still bubbling every year.

There is still the question of how much Asia or, more specifically Korea, is slowing things down at the margins. But the fundamental trends are very strong.

**Q. Does that mean that we have seen the worst of the impact from Asia?**

**Mr. Murphy:** I don't think that we have seen the worst of Asia, that it is over. Asia is a depressant that is going to last a while, probably four to six quarters and maybe longer. But it is not the waterfall disaster that Wall Street was looking for.

**Mr. Landis:** I remain a huge technology bull. I think it will be the engine of growth for the foreseeable future. I tend to look on the upsets such as the Asian contagion as an inflection that will right itself. If you can see past it, there may be some opportunities opening up. For example, if you wanted to buy wireless technology companies, now is the time to do it. Those guys are dirt cheap. A lot of their anticipated growth were coming out of places like Korea. So it is a 50 percent-off sale on their shares now.

**Mr. Cogan:** Asia normally has not accounted for a very high percentage of revenue for most of the high-technology companies. It had been a growing market but it has not been a major one. The March quarter will be the worst. I don't think it will then be over, but the following quarters won't be as tight.

**Q. What other reasons do you have to be optimistic about the industry?**

**Mr. Cogan:** The rate of growth and the way in which technology is growing are incredible. Bandwidth, for example, is a really important issue because most networks are occupied by voice, [which] is growing at about 5 percent a year. In contrast, data is growing at about 35 or 40 percent a year. Networks suited for voice and data and video are driving very different needs and very different infrastructure technology.

**Mr. Murphy:** Technology is now about 15 percent of our total GDP, but it is growing at 20 percent a year with no inflation at all. The companies cut prices every year. It is accounting for at least 50 percent of the net growth of this economy, probably more because U.S. technology companies are selling worldwide. It is the kind of growth that is really difficult for the Federal Reserve Board to control. It is very difficult to stop it growing. These companies aren't directly affected by higher interest rates because they don't have any debt. If the U.S. market slows, they can up their sales efforts in Europe, Latin America and the strong parts of the Far East. As the baby boomers age and the rest of the economy slows down, technology is accelerating and becoming a bigger and bigger part.

**Mr. Cogan:** I agree. This is just beginning, and it will build on itself. If you look at American corporate history, you see that anything that has contributed mightily to productivity has become a big part of the economy. Technology is definitely beginning to do that. Furthermore, it is the first time where industry costs are being driven down ferociously, and I think that's what is contributing to the rate of inflation.

**Mr. Landis:** ...and to the rate of change. When semiconductor costs drop 50 percent every 18 months, it makes the rate of change so much faster compared to the old industrial economy.



At the San Francisco roundtable, the four professional investors—left to right, Liz Buyer, Kevin Landis, Michael Murphy and Gill Cogan—agreed that there are more good years ahead for stocks in the high-technology sector.

**Mr. Cogan:** In 1960, one transistor cost \$1. Today, you can buy 10 mini-transistors for \$1. There's no other industry in the history of corporate America that has done anything like that.

**Q. Is there a dark side? No one would suggest that falling car prices are good news for automakers.**

**Mr. Murphy:** That was true, in the old economy. But it is not true in the technology economy, because the companies are able to bring their costs down faster than they bring their prices down, by reinvesting. That is the whole secret to the business: They pour money back into research and development, continually driving their costs down, so that prices can come down but the companies manage to grow. That's the virtuous circle. You grow a Sun Microsystems or an Oracle Corp. by constantly lowering prices, constantly exploding the market.

Now we are going to sub-\$1,000 personal computers by the end of 1999, it will be sub-\$500 PCs. There are 240 million PCs installed today. By the time this revolution is over, there will be 2 billion installed worldwide. All this will create demand for productivity and demand for big servers, making the business grow.

**Mr. Landis:** The whole idea of technology is once I have sold you a product, I need some other excuse to sell it again or in some other form. Or make the product better and give you a reason to throw the old one out. I need to find a way to make it permeate your life.

**Q. Surely this must end at some point?**

**Mr. Murphy:** There is probably some physical limit out there, which we honestly don't see yet. But for the next 10 years, the industry should continue driving costs down at the same rate. There is probably also some limit in how large technology can become as a

percentage of the economy in practical terms. You can't eat computers.

But we are looking at a revolution. If you say it started in 1981 with the introduction of the PC and has a 70-year cycle like most of these things, it should run on well into the 21st century.

**Mr. Cogan:** I think we are just at the nascent stage of this development. The amount of money these companies put into R&D is unprecedented as a percentage of revenue. The pressures from competition that there are to invest in R&D, the healthier they become. The more they invest now, the faster they will bring products to the markets.

**Mr. Landis:** Vigorous competition strengthens the group. Think about high-tech, about American high-tech companies, about what brutal, cut-throat competition we have here. That is one of the reasons that a lot of Americans look for high-tech to become the great export engine over the next 10 or 15 years.

**Q. The auto industry was certainly a case of brutal competition among American companies and then exposure to foreign competition.**

**Mr. Landis:** Competition with the Japanese automakers made the American car companies stronger. It made them better companies. But technology is becoming less about countries and more about companies, global companies such as Intel Corp., which has factories around the world, in Europe, Israel, you name it. A company like that, which is pragmatic about putting different functions in different parts of the globe, flourishes. It contributes to many economies.

**Ms. Buyer:** At this point I am focused on the Internet sector, where there is a complete disconnect in my opinion between stock prices and fundamentals of the companies. Certainly, there are companies that will be valued more

highly a year from now than they are today but they are not the majority. While I am not an advocate of shorting stocks, I suspect that if you were to short a basket of Internet stocks today you would have more money in three months or six months than you do now.

Of course, there are some business models that do work. And while the valuations are incredibly lofty, I suspect that while there may be periods of indigestion between here and there, people who put money into a name like Amazon.com Inc. will probably end up happy a year from now, although anything could happen in a week or two.

**Q. Why that company?**

**Ms. Buyer:** Since Amazon went public it has matched or exceeded its delivered promises every quarter. That to me says somebody is watching the store. I was particularly impressed by the level of detail that the management focuses on. There are other Internet companies that have never made a quarter since going public, and that is not acceptable to me. Going public means that you are taking someone else's money.

**Q. Any examples?**

**Ms. Buyer:** I would rather not say. But the best way to look at the business is to consider if a company is solving a problem or making someone else's life easier. It needs to have a product or service that somebody needs. Ordering a pizza on-line is incredibly stupid. It is really easy to pick up the phone and say "Yo, double cheese, pepperoni." There is no advantage to turning on your computer to do that.

The second question is: If there is a real problem, is this the right company to solve it over time? What is the proprietary advantage, technology advantage or market-share advantage? If there is one, terrific. Compaq Computer Corp. had no proprietary advantage but it sure had a market-share advantage.

Stock	Exchange	Comment
Advanced Fibre Communications	Nasdaq	Makes telecom equipment for many kinds of systems
Amazon.com Inc.	Nasdaq	Investors will probably be happy a year from now
Amazon.com Inc.	Nasdaq	Investors will probably be happy a year from now
America Online Inc.	New York	Everybody uses it
CNET Inc.	Nasdaq	Supplying content is eventually going to work
Cisco Systems Inc.	Nasdaq	The best Internet company
LM Ericsson AB (B shares)	Stockholm	Everything for the consumer is going digital
Faroudja Inc.	Nasdaq	Cheapest maker will benefit from digital development
Int'l. Business Machines Corp.	New York	Lots to lose in companies with opportunities in front of them
Integrated Device Technology Inc.	Nasdaq	Supplies 890 processors for sub-\$1,000 computers
Intuit Inc.	Nasdaq	Best Microsoft at its own game
LSI Logic Corp.	New York	Contracts from Japan; thought of as a Japanese company
Level One Communications Inc.	Nasdaq	Analog companies will always be in demand
Microsoft Corp.	Nasdaq	Software makers can't stay at P/E's above 35 for long. It is at 53
Nokia Oy (A shares)	Helsinki	Will certainly do well with handsets
Oracle Corp.	Nasdaq	A dominant company has time to fix its products
P-COM Inc.	Nasdaq	Good choice among wireless-equipment makers
PeopleSoft Inc.	Nasdaq	Managing information for the world's biggest companies
Philips Electronics NV	Amsterdam	Good at lowering consumer electronics prices
SAP AG	Frankfurt	Once a company adopts its systems, it is hard to switch out

Microsoft clearly has a technology advantage. If the company can solve the problem, can it do it profitably and can it sustain that profitability? The fourth question is, does it have a management that will guide it over the hurdles?

**Q. How about you, Kevin? You visited the Internet World conference in San Diego. What do you think about Internet stocks?**

**Mr. Landis:** I go to a show like that and see how rapidly things are changing, and I get back to my most core belief that bandwidth, bandwidth, bandwidth is the place to be. Any company that makes money on expanding bandwidth—that is where you should put your money. The Amazon story is not necessarily a technology breakthrough. It is applying this new business model to something that could be made just much better. That is the really interesting area. Some big stories are coming up in this area. Amazon is only the first.

**Mr. Murphy:** We do short stocks, but we are not short any Internet stocks now for the obvious reason that they are running up like mad. You would be a nut to stand in front of that train. As soon as they establish some tops, we will short them because most of them have become drastically overvalued.

The Internet involves three phases. First are the folks who are building the hardware to fill it out—the bandwidth companies—most of whom are making money today and some of whom are selling at pretty high multiples. We keep looking for investments in that area. Cisco Systems Inc. is the clear leader and the dominant company in the hardware side of the business, but there is a lot of room beneath Cisco for other kinds of companies.

At the far end are the companies that supply content, such as Amazon or CNET Inc. Ultimately, I think these companies will make money. Not many do today, but supplying content is eventually going to work.

In the middle are all these Internet

infrastructure companies that are trying to sell software, firewalls, browsers, servers and specialized software for customized Web sites. That is really difficult. They are competing with every graduate student in computer science around the world. Most of those companies are not making money, and I doubt many of them are ever going to make any money. We have been very cautious about this middle area, looking more for things that can turn into terminal shorts.

**Mr. Cogan:** There have been so many Internet content companies without good management teams and without sustainable business models. We have made very few investments in this area, just one or two. Cisco is the best Internet company out there.

**Q. What about the big companies that already have track records? Cisco, IBM, Oracle are all attacking their weapons to the Internet.**

**Mr. Murphy:** I don't think there are undiscovered gems out there. I think people do know what is going on. One of the most amazing business stories ever is what happened with Microsoft when they introduced Microsoft Network. Within a period of just 90 days, they switched the whole company model. It was amazing to see a company that size do that. It was one of the most impressive things you will ever see.

Now Microsoft is driving the Internet into many different parts of their business and they are following into parts of other people's business. Cisco is the same way. Dell Computer Corp. is also that kind of company; people know that is what it is doing. This is so forefront in people's minds—what companies are doing with the Internet or how they are extending their reach—I can't think of any companies that are undiscovered.

**Q. Are there any other companies that could receive a substantial boost from the Internet?**

**Mr. Murphy:** The obvious one would be IBM. I don't think there is much hope for IBM, personally. If the management actually took it seriously and changed the entire company to an Internet-based company, it would be an amazing thing. I don't think they will do it. I think that mainframes are truly dead, in the sense of the old-fashioned proprietary hardware and proprietary software model, which is where IBM gets its best margins by far.

I am sure IBM is going to have a decent 1998 because Europe, which is still mainframe territory to some extent, is getting better. But the drive toward open systems, client-serving computing, the Internet and standards-based computing, hardware and software, is so strong.

In a standards-based world, where IBM has to give up its proprietary margins, it hasn't done very well. It is a big company. It spends \$6 billion on R&D, which is more than anyone else spends. But I don't see the products that would come anywhere near justifying it. Where did the money go, what did they do with it?

**Q. Does everyone agree on that?**  
**Mr. Landis:** IBM has a few technology gems still. A few years ago, a start-up chip company could quiet your fears on the production front by saying their chips were built by Taiwan Semiconductor Manufacturing Co. No worries. The impressive name to throw around now is IBM.

One of the great new semiconductor technologies that holds a lot of promise, particularly for wireless, is silicon germanium. Guess who is the big leader in that? IBM. There are a lot of capabilities there, but there is also a lot of institutional momentum heading in the wrong direction. It is hard to say what will happen there. We own a little bit of IBM in our Leadership Fund, but it is on probation.

**Ms. Buyer:** No one should underestimate the value of IBM's service reputation. Or how desperately a company like Microsoft would love to have IBM's enterprise tentacles. It doesn't mean it's enough to stop the mainframe

## Some Low-Tech Alternatives for Stodgy Investors

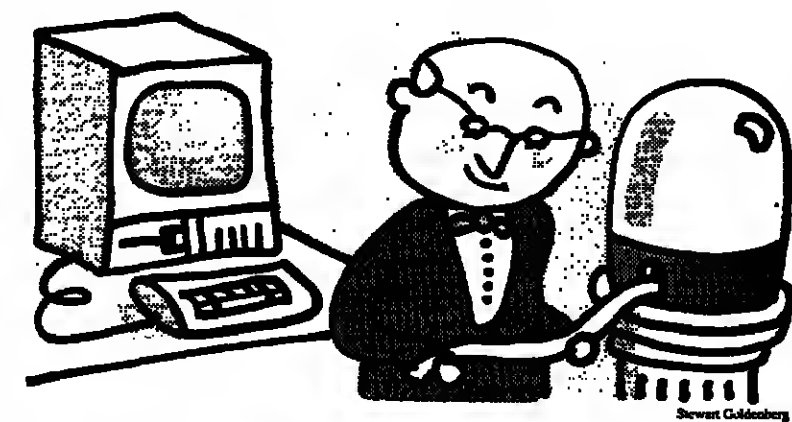
By Judith Rehak

**E**MBARRASSED to admit that you have never figured out how to program your videocassette recorder? Overwhelmed by Internet browsers, cellular phones and digital organizers? Jealous of savvy investors who rake in huge profits on high-flying high-technology companies? There may be a place for you—in the boring but steady world of low-tech companies. Here are some stocks of companies with decidedly low-tech products and above-average prospects for investors who like to understand what they are buying.

Michael Moe, the director of growth stock research at the San Francisco brokerage Montgomery Securities, is high on PaLex Inc., a Dallas company that makes pallets, which are flat shipping boards used to move merchandise, everything from food to television sets.

"There is probably not a more boring business in the U.S. than that, but the company is doing very well," Mr. Moe said. A key to PaLex's success, he said, is that pallets must be of high quality to avoid damaging goods, and the company not only makes them well, but economically. In a highly fragmented industry, PaLex is also a play on consolidation: It is buying competitors and gaining market share.

Montgomery helped PaLex go public a year ago. "Its stock has doubled since then, but it hasn't done obnoxiously well like Yahoo," Mr. Moe said, referring to the soaring high-tech Internet search company. He predicted



that PaLex shares, currently trading at about \$13, would reach \$20 over the next 12 months.

Looking to Europe, railroad equipment has captured the attention of John Boich, who runs the International Growth fund at Montgomery Asset Management, a San Francisco money manager that is owned by Commerzbank, which purchased the unit from Montgomery Securities last year.

"Germany's state-run railways will be privatized in the next two years, but there's a whole industry to invest in there right now," he said. One of his top portfolio holdings is Vossloh AG, the leading maker of the fasteners used to hold down railroad tracks and rail brakes. Vossloh's ability to meet rigorous safety standards, despite its low-tech product, will make it a major beneficiary of privatization as Europe's unprofitable railroads upgrade for higher speeds and heavier

weights, Mr. Boich said.

Vossloh's shares have zoomed 80 percent in the past 52 weeks, to about 123 Deutsche marks, (\$67) and they are comfortably above the 97.50 DM level at which they traded when Mr. Boich suggested them to Money Report readers last year. Still, he said he thought the stock could hit 160 DM over the next 12 months. "It has infrastructure upgrade written all over it," he said.

Mr. Boich remained equally enthusiastic about VAE Eisenbahnsysteme AG, an Austrian company that makes "turnouts," the switches that allow a train to change tracks easily. "Once again, it's low-tech, but critical to rail infrastructure," he said. Like Vossloh, VAE has a dominant market share—in this case, globally, since it manufactures in Australia, Canada and Hungary. "And rail-track upgrading isn't just in Europe," he noted. "The U.S. has high-speed rail coming in

some states, and Asia is doing the same thing." The stock has appreciated to 1,347 shillings (\$104) from 1,300.10 when he recommended it in October.

Both Vossloh and VAE have dependable cash flows, and Mr. Boich expects them to grow at roughly 15 percent to 20 percent annually over the next few years.

Basic-metal parts look worthwhile in Japan as well, where Tetsumi Furumoto, a Salomon Smith Barney analyst in Tokyo, noted a promising new product from Nitto Kohki Co., a machine-tool maker and leading manufacturer of coupling equipment. The company is introducing a new kind of coupler that connects pipes by simply snapping on. It thus avoids the use of screws.

"It's very easy to use, so it should cut down on labor costs, a priority with construction companies," said Mr. Furumoto. "Also, it is much safer than the old screw-on type."

The analyst said that the new coupler should gain the company customers because it has such a wide range of uses, not only in housing and general construction, but hospitals and medical companies, where its high safety factor makes it desirable.

Mr. Furumoto, who follows over-the-counter growth stocks, noted that Nitto Kohki is small, with annual sales of 2.3 billion yen in its 1996 financial year. (The 1997 year ends this month). Like many Japanese companies, especially in cyclical industries, it has been hurt by the troubled domestic economy. Still, he said the introduction of the new coupler could boost earnings by 8 percent to 10 percent in 1998.

Continued on Page 17



## THE MONEY REPORT

## A Letter From Buffett: Waiting for the Fat Pitch, Like Ted Williams at the Plate

ONE WEEK AGO, Warren Buffett, the world's greatest investor, put his annual chairman's letter up on the Berkshire Hathaway Inc. Web site.

Most of the reaction focused on his comment that the market was not overvalued. When? What a relief, thought U.S. investors, who promptly bid up the Dow Jones Industrial Average every day for the next four — a total of more than 200 points.

If you read the letter (found at: [www.berkshirehathaway.com](http://www.berkshirehathaway.com)), you find that Mr. Buffett is at least as ambiguous as Alan Greenspan in front of the U.S. congressmen. A year ago, Mr. Buffett writes, he and Charlie Munger (his cerebral sidekick) "stated that we did not consider the market overvalued if 1) interest rates remained where they were or fell, and 2) American business continued to earn the remarkable returns on equity that it had recorded." If these two conditions hold, he repeats, "there is no reason to think of stocks as generally overvalued."

But what are the chances that high returns on equity — those sparkling

profits of the past three years — will continue? I am not too sanguine, and Mr. Buffett is not making a guess.

Also, if he does think the market is overvalued, why does he make the following comment, earlier in the letter? "We are not pleased with our prospects for committing incoming funds," he writes. "Prices are high for both businesses and stocks. That does not mean that the prices of either will fall — we have absolutely no view on that matter."

But what Mr. Buffett does in the market is far more important than what he says or thinks. The diligent reader learns from his letter that "we made net sales during the year that amounted to about 5 percent of our beginning portfolio." So, even though Mr. Buffett does not think the market is overvalued, he has been a seller of stocks.

He has also been a buyer of silver — 111.2 million ounces of it, now worth about \$600 million — and zero-coupon U.S. Treasury bonds. His zeroes, at year-end, were worth \$4.6 billion, for a pretax gain of \$599 million. Mr. Buffett also noted another, smaller "nontraditional position" in derivative con-

tracts for 14 million barrels of oil, worth about \$200 million.

These do not seem typical investments for a man with a comfortable view of the stock market. Is he trying to make the rest of us optimistic so that he'll have more gullible buyers for stocks he wants to unload?

Mr. Buffett did make some purchases last year. But Berkshire is a

Conspicuously absent from this year's list is McDonald's Corp. According to last year's letter, Berkshire owned 4.3 percent of the company, worth about \$1.3 billion. Mr. Buffett also indicated that he sold shares of Freddie, Disney and Wells.

The 1997 acquisitions came in the first category: wholly owned businesses, which include GEICO, See's Candies, the Buffalo News and Flight Safety In-

ternational, which trains pilots. First, last year, Mr. Buffett bought Star Furniture, a family-owned Texas chain that is similar to two others in Berkshire's portfolio — Nebraska Furniture Mart and R.C. Willey. Next, he bought International Dairy Queen, with more than 6,000 stores, mostly run by franchisees.

We try to extend a Ted Williams kind of discipline," he writes. "In his book, 'The Science of Hitting,' Ted explains that he carved the strike zone into 77 cells, each the size of a baseball. Swinging only at balls in his 'best' cell, he knew, would allow him to bat .400; reaching for balls in his 'worst' spot, the low outside corner of the strike zone, would reduce him to .230. In other words, waiting for the fat pitch would mean a trip to the Hall of Fame; swinging indiscriminately would mean a ticket to the minors."

Mr. Buffett adds: "If they are in the strike zone at all, the business 'pitches' we now see are just catching the lower outside corner. If we swing, we will be locked into low returns."

So Berkshire does not swing. "Unlike Ted, we can't be called out if we resist three pitches that are barely in the strike zone; nevertheless, just standing there, day after day, with my bat on my shoulder is not my idea of fun."

"A" version, or \$2,255 in the more plebian "B" class — major insights, worth at least as much as the stock, can be gleaned from reading the Buffett letter. A full set, going back to 1977, is on the Web site.

The price of Berkshire itself continues to soar. It's up 49 percent since the start of the year, 85 percent since last March. An alternative is the Oak Value Fund, which, with risk levels that are one-fourth below the market as a whole, has returned an annual average of 35 percent over the past three years, compared with 25 percent for the Standard & Poor's 500-Stock Index (and 38 percent for Berkshire).

Berkshire is the seventh-largest holding in Oak Value's small (\$140 million) portfolio. Disney is fifth and The Washington Post Co. fourth. Managers David Carr and George Brunley also own such Buffett-like stocks as RLI Corp., an insurer; R.P. Scherer Corp., time-release systems for drugs; Nike Inc.; and the publishers E.W. Scripps Co. and Pulitzer Publishing Co.

Washington Post Service  
OAK VALUE FUND is only available to investors with U.S. addresses. Call 1-800-522-2474 from within the United States for further information.

## JAMES GLASSMAN ON INVESTING

holding company that owns, rather than operates. Its portfolio includes both entire businesses and big chunks of stock in major corporations.

In the latter category, Berkshire owns 11 percent of American Express Co. (worth \$4.8 billion at current prices), 8 percent of Coca-Cola Co. (worth \$15 billion), his largest holding, 3 percent of Walt Disney Co. (\$2.3 billion), 9 percent of mortgage-maker Freddie Mac (\$2.9 billion), 9 percent of Gillette Co. (\$5.6 billion), 17 percent of The Washington Post Co. (\$800 million) and 8 percent of Wells Fargo & Co. (\$2.2 billion).

anything creative. Its environment is driven by "let's get the competitive answer now," which is wonderful and has made its shareholders incredibly happy but is not creative.

Q. Except in so far as it has identified and taken over creative companies. Mr. Buyer: But it is not creative in and of itself. Its entrance in the game mark, each the size of a baseball. Swinging only at balls in his 'best' cell, he knew, would allow him to bat .400;

Bill Gates tried two years ago to purchase the company but it didn't go through. He keeps coming back, dropping the price of a product competitive to Quicken to zero, but even that didn't help him win the market-share battle.

Mr. Landis: Probably the company most built on customer service is Intuit. [Chairman] Scott Cook came out of Procter & Gamble, he understood marketing, he understood brands, he understood customer service. Probably the company in the business with the worst customer service is Microsoft. How is it going to get into a high-customer-service business without virtually changing the culture of the whole company? It is not likely to happen. The software business is worth about \$125 billion and Microsoft has just 10 percent of it; 90 percent of it is other people. There is a lot of money out there and there are a lot of niches.

Mr. Murphy: I agree with Kevin. Unless Microsoft puts a company in their gun sights and takes aim, other software companies can still do quite well. We own Adobe and Oracle Corp. I don't think Microsoft will ever catch Oracle in the database business unless its management makes a corporate commitment that it has to own the database business and totally focus on it. Then it would have a shot, but probably not much of a shot.

Q. What about Microsoft itself? What would be a fair valuation for it? Ms. Buyer: Long term, no software company has consistently traded with a forward price-to-earnings ratio of more than 35. Microsoft is trading at about 53 times earnings now.

I don't worry so much about companies that Microsoft may take over as about companies that Microsoft has just purchased a 10 percent position in. It is a truism that if Microsoft really likes your technology, it can buy 10 percent of your company and kill you.

Microsoft is a brilliant company in terms of marketing, in standardizing products and getting all of us to use its technology. But it hasn't been able to get out of its own way in terms of

Q. Is Oracle in reasonable shape, from an investment point of view?

Mr. Murphy: Of the big dominant companies — Microsoft, Cisco, Intel, Oracle and Applied Materials — there are cheap right now: Intel, Oracle and Applied. It is just a question of when to buy them. We are buying Intel under \$75 (a share).

Applied is almost an issue of how long you are willing to let your money just sit there. The company has a couple of bad quarters coming but the stock is not expensive. Oracle is the same. The quarter reported today was O.K., but not great, and the company is shipping something now that people don't particularly like at the moment [Oracle 8]. But it does have market dominance. A dominant company has time to fix its products because no one will catch it in the year. But a small company will be dead by the end of the year.

Ms. Buyer: Another company that Microsoft targeted and has so far not succeeded in getting because of its distribution is America Online. Now there is a company that didn't provide good customer service and doesn't seem to have any financial wherewithal. But everybody uses it because if something goes wrong you pull out a drawer and there is a disk.

Q. What about big companies, such as Kodak, Fuji, Panasonic, Philips and Sony, which have home-computing, home-photography interests?

Mr. Murphy: A lot of the big drivers that are coming are consumer products. The [Silicon] Valley is not very prepared for that. Companies here don't do well with consumer products, they don't hire consumer people, they have difficulty funding consumer business plans.

But the digital camera is coming next Christmas and that will be a big deal. After that will be the \$99 software to manipulate the photograph and then you can have the kids e-mail the photo to their grandmother because you gave her a \$1,000 PC for Christmas. She will stop complaining that the kids never write.

Other beneficiaries will be Ericsson and Nokia, which are making digital cell phones. Everything for the consumer is going digital. It is very high-volume stuff, and it has to be very low price. You can start a digital TV at \$8,000, but it has to get down to under \$1,000 fast. The Japanese are really good at that. Philips is good at that, too.

We have started seeing the conversion of the consumer to a digital world and it is going to proceed pretty steadily over the next 10 years.

Q. Which companies do you think will benefit most from this trend?

Mr. Murphy: The bigger ones will undoubtedly be Sony and Philips, those guys. But there will be a lot of other folks who will benefit. Again, I think LSI Logic will have chips in those boxes. A little company like Faroudja Inc. will be out there with chip sets to enable the multistreams to broadcast.

Mr. Murphy: Let me give you an example. A product made by Intel, which has since been sold to Lucent Technologies Inc., a solar cellular pay phone. Take this thing out and drop it in a village in Tibet and give everybody in the village a voice-mailbox at a cost of one dollar a month. All of a sudden they are in the 21st century. They can make calls, they can answer ads, they can buy stuff.

Q. What about the smaller companies in this business?

Mr. Landis: We have a decent stake in a company called Advanced Fibre Communications. It makes the local equipment. One of the good things about Advanced Fibre Communications is that it is pretty media-agnostic: It doesn't care if you are using wireless, or fiber, or copper or DSL or any one of these. The other plus is even more impressive: The company went international early in the game.

Mr. Cogan: Another good choice is P-Com Inc., which makes wireless equipment and has done very well.

## There's No End in Sight to the High Flight of High-Tech Sector's Surging Stocks

Continued from Page 16

problem, but there will be a business in hosting Internet sites and no one is better positioned to do it than IBM.

Q. Would you buy shares in IBM? Mr. Landis: You can't help but look at IBM and see the opportunity in front of it. But I have learned through bitter experience that you can lose a lot of money by investing in companies with great opportunities in front of them.

There are many technology companies out there and also a lot of very good technology companies out there. You don't have to own all of them. We own Hewlett-Packard and IBM, we own Cisco and Lucent Technologies Inc. We are just starting to play around with some of the wireless-infrastructure companies. We do own a lot of the chip companies that have the key pieces to make it go.

Q. Let's move on to semiconductors. Mr. Landis: There are a lot of different flavors and it is hard to lump them all together. We have never owned a DRAM company, and I don't see owning one. We don't own any commodity logic companies or Gatearray companies. But we love owning little communications-chip companies right now.

A handful of those companies really have the needed technologies to allow communications to take the next step forward, to move those bits faster, to move them better. Companies like Level One, U.S. Communications Inc., Vitesse Semiconductor, Applied Microcircuits Corp., PMC-Sierra Inc. is one of my favorite companies.

Mr. Cogan: We like Galileo Technology Ltd. a lot and not just because we were investors in it. We also really like the analog companies. Companies like Linear Technology Corp. or Maxim Integrated Products, or Level One, which is sort of an analog company. The world, after all, is really analog. Any interface with the physical world or with

a human is in analog form, so the analog companies will always be in demand.

Mr. Murphy: We like semiconductors right now for a number of reasons: The computing business is O.K. for the next couple of years and the communications business is great. It snicks a lot of silicon through the system and a lot of people benefit.

We have been buying Intel Corp. any time we can get it under \$75 and we are buying Integrated Device Technology and LSI Logic. All of these stocks are down right now, which makes them particularly attractive. LSI is down from \$45 to \$22. Intel is down from \$100 to \$76, IDT is down from \$28 to \$14.

We own Integrated Device Technology because it is supplying the small Intel-compatible processor for \$90 that enables these sub-\$1,000 PCs. That is one of the hottest parts of the computing market right now. It represents about 35 percent of PC sales. But it is difficult to try to find a direct way to play that business other than Integrated Device Technology.

LSI Logic is an interesting company because it is about one third computer, one third communications and, most unusual for a U.S. semiconductor company, about a third consumer. LSI has a large facility in Japan, run by Japanese nationals, which is treated like a Japanese company. We like that exposure because, for the first time, a lot of the products driving the future are going to be consumer products.

Q. Let's broaden this discussion to include software companies.

Mr. Landis: If I woke up in the night, desperately afraid that I might actually own a particular company, it would be one that has a really interesting market in front of it, just interesting enough so that Microsoft wants it. I think that is everybody's fear in investing in any software company that you don't want to fly to close to the sun. You don't want

to lock eyes with Bill [Gates] and have him want what you have.

But there are still a lot of interesting niches out there. Adobe Systems Inc. fought off Microsoft very successfully by staying in a promising area that wasn't Microsoft's main focus. Why is it that Adobe has survived and Novell Inc. might not? Novell was doing something that was important enough to Microsoft that it got hold of it and just won't let go.

Q. Other than Adobe, are any companies achieving that?

Mr. Landis: Look at Peoplesoft Inc. and SAP. These companies are managing all the information for the world's biggest companies. Once a company adopts its systems, it is really hard to switch out. It means that they are pretty much partnered up, going forward till death do them part.

ing forward till death do them part. From an investment standpoint, I like valuing that perpetuity. It feels really safe. It may also explain why people are willing to pay so much for those companies. Investors want to look for companies that are doing something interesting but not doing what Bill Gates is trying to do.

Q. What about Microsoft itself? What would be a fair valuation for it? Ms. Buyer: Long term, no software company has consistently traded with a forward price-to-earnings ratio of more than 35. Microsoft is trading at about 53 times earnings now.

I don't worry so much about companies that Microsoft may take over as about companies that Microsoft has just purchased a 10 percent position in. It is a truism that if Microsoft really likes your technology, it can buy 10 percent of your company and kill you.

Microsoft is a brilliant company in terms of marketing, in standardizing products and getting all of us to use its technology. But it hasn't been able to get out of its own way in terms of

## Bank Chief Supports Strong Yen

JAPAN'S financial community was surprised to hear of Prime Minister Ryutaro Hashimoto's selection of Masaru Hayami, a former trading house chairman, as the next chief of Japan's central bank, and Sakuya Fujiwara, a former journalist, as his deputy, following a bribery scandal that led to the resignation of the previous Bank of Japan chief.

Not widely appreciated is the fact that Mr. Hayami, 72, has been a powerful advocate of a strong yen, demonstrated during his years as the head of Keizai Doyukai, a business association. In a 1993 article published in Asahi Shimbun, he countered Japanese exporters' complaints about the then-surgeing currency, asserting that the high yen was a fair appreciation of the value of Japan's industrial output.

Market-watchers in Tokyo predicted that the yen's current fall in relation to the dollar would remain an overall trend. "It's not as if the market will move the way policymakers like it to," said Yoneo Sakai, general manager of the international treasury division at Fuji Bank.

Takehiro Sato, senior economist at Japan Research Institute, noted that as central bank governor, Mr. Hayami "is going to be in a different position" than when he was in private business.

And the Ministry of Finance, not the Bank of Japan, decides when to intervene in the currency market, Mr. Sato said. But Mr. Sakai noted that if the yen took too sharp a dive, causing inflationary pressures to build, the Bank of Japan would become involved.

International Herald Tribune

## OFFSHORE COMPANIES BY LAWYERS

SCF is one of the world's largest tax planning practices. All our considerations are professionally reviewed and will ensure your affairs will be dealt with an atmosphere of the utmost privacy and confidentiality.

WORLDWIDE OFFICES CAN PROVIDE:

- BANK INTRODUCTIONS
- FULL EMPLOYEE FACILITIES
- FOUNDATION REGISTRATION
- COPYRIGHT & PATENT REGISTRATION
- ASSET PROTECTION TRUSTS
- VESSEL/BOAT REGISTRATION
- PERSONAL INFORMATION CITIZENSHIP

WWW.SCFGROUP.COM  
LONDON OFFICE  
80-100 STONEY ST. CHANCERY, LONDON, W1D 4LL  
TEL: +44 171-352 2274  
FAX: +44 171-873 6668  
E-MAIL: [info@scfgroup.com](mailto:info@scfgroup.com)

SCF GROUP

## CORP WORLDWIDE THE WORLD'S LEADING OFFSHORE COMPANY SPECIALISTS

Since 1975 our worldwide team of over 275 multi-disciplined professionals have specialized in providing confidential and cost effective company formation in the world's major tax free zones.

REL OF MAN - 9 MONK BAY, Cayman Islands  
REGISTRATION AGENTS LTD  
Company House, Tower Street, P.O. Box 1448, Hamilton, HM 11, Bermuda  
TEL: +1 441 292 8155/44  
FAX: +1 441 292 8177/78

MAURITIUS - 8224 JAMES DRUMMOND, Ltd. Ltd.  
Happy World House, 57 William Street, Port Louis, Mauritius  
TEL: +230 211 5100 FAX: +230 211 5400

SEYCHELLES - DIERRA AKATSA  
303 Airtel Gardens, Mont Fleuri, P.O. Box 302, Mahé, Seychelles  
TEL: +248 222555 FAX: +248 222599

HONG KONG - HARY CHENG, Ltd.  
2402, Bank of America Tower, 12 Harbour Rd., Hong Kong  
TEL: +852 232 0172 FAX: +852 232 1190

ALL MAJOR CREDIT CARDS ACCEPTED  
SPECIALIST COMPANY FORMATION

WWW.CORP.COM

## BANK HOFMANN &amp; BRENNWALD

Ueli Brennwald has been a member of the Bank Hofmann team for 23 years and thus stands for continuity — one of the assets of our Private Bank. He is regarded as a very knowledgeable and committed Investment Adviser. His interests range far beyond the world of finance, and material values are not his main ambition in life. Every member of our bank reflects the entire organisation. Each individual demonstrates total commitment towards our clients' best interests. Whether it's behind the scenes or face-to-face.

## BANK HOFMANN

Bank Hofmann AG  
Talstrasse 27  
CH-8002 Zurich/Switzerland  
Telephone +41 1 217 51 11  
Telefax +41 1 211 75 68  
E-mail [bank@hofmann.ch](mailto:bank@hofmann.ch)  
Internet [www.hofmann.ch](http://www.hofmann.ch)

Office in Geneva  
Representative Offices in  
Buenos Aires and Montevideo

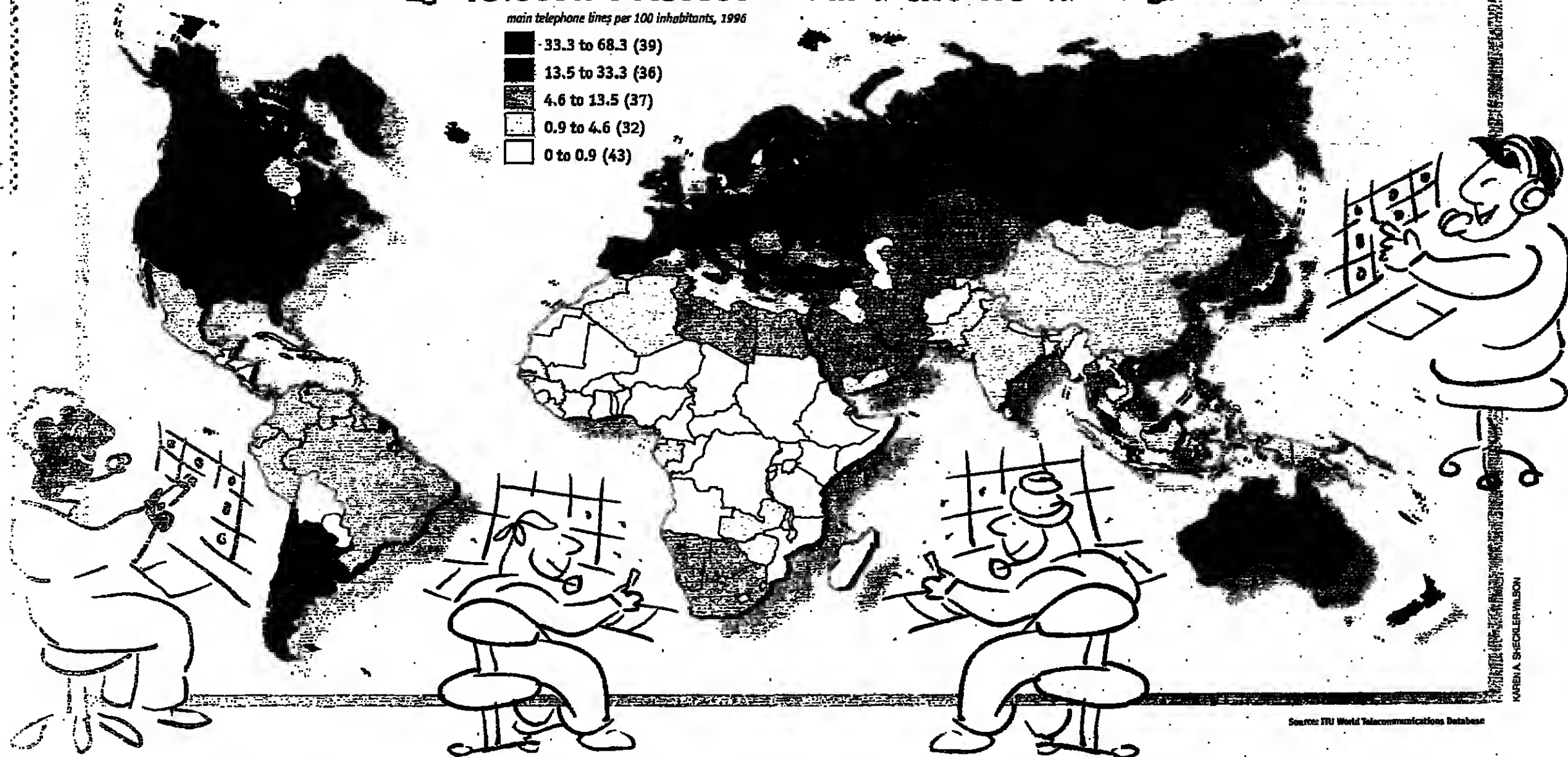
a CREDIT SUISSE GROUP company

مركز العمل



# TELECOMMUNICATIONS IN EMERGING MARKETS

## Telecoms Access Around the World



Telecommunications is one of the first sectors that developing countries target in their efforts to climb the economic ladder. Access to telecommunications is a requisite for building trade and garnering the investment necessary for the economic growth that pays for a more comfortable existence for their people. Today, the gap between developed and developing countries is wide, but some nations have made impressive gains with innovative policies, and the use of radio, satellite and mobile technologies to broaden access holds promise for the future.

## BRIDGING THE GAP BETWEEN INFORMATION RICH AND INFORMATION POOR

Telecommunications are essential to economic growth, but access is still concentrated in rich countries.

Even though half the Earth's people have yet to make a phone call, the telecommunications industry is already one of the largest and most successful in the world. By 2000, it will be worth more than \$1 trillion annually.

Good telecom infrastructure is one of the top three necessary attributes cited by multinational companies when choosing locations to set up shop. (The other two are political stability and the availability of an effective and economic workforce.) At the other end of the scale, a local farmer or businessperson's scope is severely curtailed without the ability to communicate quickly, cheaply and easily with potential markets further away than the next village. In other words, to attract inward investment or to expand indigenous trade and commerce, telecoms is essential.

### Getting started is slow

At the end of the 20th century, there are great discrepancies in the availability of telecoms throughout the world, as illustrated by the map above. The International Telecommunication Union (ITU), a United Nations agency based in Geneva, measures access to telephones by teledensity, that is, how many phones there are in a country per hundred people. Much of sub-Saharan Africa has around 0.29 phones per 100 inhabitants, while most of Europe has more than 40 per 100 citizens.

There are other discrepancies, too. For example, in developing countries, 80 percent of the phones are in urban areas even though 60 percent of the population lives in rural areas.

If one looks at services other than basic access to a

telephone, the chasm between the developed and developing worlds is even wider: 84 percent of all mobile cellular subscribers, 91 percent of all fax machines and 97 percent of all Internet host computers are in developed countries.

The bad news, according to the ITU's World Telecommunications Development Report 1998 (released March 22), is that it takes a long time to improve access starting from a very low base of installed phones (25 percent of ITU member countries have fewer than one phone per hundred people).

So far, it has taken on average 50 years to go from a teledensity of more than one to a teledensity of 50. In general, the ITU has found that the pace of installing phones accelerates as more lines are put in. Unfortunately, the latter trend means that the gap between those with good, or at least acceptable, infrastructure and those lacking it is accentuated.

However, there are reasons for optimism. First of all, some countries have radically increased their teledensities in a much shorter period of time. From 1975 to 1985, South Korea, Singapore and Taiwan proved that teledensities could be raised from 10 to 30 in a much shorter time than had been thought possible.

Since 1985, and particularly since 1990, matters have improved greatly for some developing countries, with new approaches to financing and managing telecoms coming to the fore and the average teledensity across the developing world reaching six. In addition, advances in technology have made it possible to roll out networks more quickly, which ultimately will mean more cheaply. Over the next

few years, the use of radio technology to provide ordinary fixed phone service, instead of putting wires into the ground, should have a significant impact, as will the spread of mobile phone networks, which in some places (e.g., Central and Eastern Europe) are to some extent replacing fixed line phones.

### A variety of policy approaches

On the policy and finance side, a number of different approaches have proved successful. These include privatization of the national monopoly operator; allowing foreign telecoms with overseas funding to compete with the incumbent. For example, Argentina has almost doubled its teledensity, from 9.5 to 17.7, since 1990 by allowing Spain's Telefonica and France Telecom between them to manage and keep the income from the national telephone network for a 15-year period, on condition that in that time they modernize and greatly extend the network in both urban and rural areas.

The Philippines decided that the best method was to encourage as many competitors in the market as possible. In 1993, the government awarded five mobile cellular licenses, each of which carried the obligation to install 400,000 lines over a five year period. At the same time, seven concessions to handle international traffic were allocated on condition that each licensee installed 300,000 new lines over a three-year period. This would lead to a total of 4 million new lines by 1999, effectively quadrupling the teledensity in five years. Although there have been some hitches, including rows with the incumbent carrier, progress is still good.

In Bangladesh, a locality-specific, 25-year license

was awarded jointly to the Bangladesh Rural Telecommunications Authority and International Communications Technologies of the United States as long as they install 123,000 new lines by 1999. At the moment, there are around 70 million people living in the northern territory covered by the license, with only 7,000 lines between them. The two companies will control the network and keep all revenues until the license runs out.

The Chilean government offers subsidies to those prepared to build networks in remote rural areas. Another simple, but highly effective solution is the use of pay phones. Mike Minges, a telecoms analyst with the ITU and author of the development report, comments, "In places with very few phones, it is important to set realistic goals and look at providing access in terms of a pay phone per village rather than a phone in most homes, otherwise the better off get phones and the rest are still without them."

Providing service to India's hundreds of thousands of villages was deemed impractical in the short term; one solution is to provide 45,000 access points to the phone network so that most inhabitants will be within 5 kilometers (3 miles) of a phone. This approach of providing "reasonable" access to pay phones has worked very well in South Africa's townships and in Thailand, where more than half the local phone traffic originates from public phones. Even so, discrepancies between rich and poorer countries remain; it is a sad fact that over 99 percent of pay phones are constantly in working order in France, which has a good, all digital, telecoms network, compared with less than half of Turkey's pay phones.

Annie Turner

## ARE INVESTORS HANGING UP DUE TO THE ASIAN CRISIS?

Loans and equipment costs for companies are more expensive.

At first glance, the financial crisis in Asia is potentially disastrous to telecommunications investors there, and it could have ramifications for such investments in other developing countries. As one pundit says, "Investment in telecommunications is typically substantial and long term, and many other opportunities look more surefire." In its recent Asia Newsletter, Pyramid Research, a market research company based in Cambridge, Massachusetts, noted that in the first half of the 1990s, the telecoms industry "experienced unparalleled levels of growth and opportunities as governments aggressively privatized and liberalized their markets. After years of fast economic growth, they had come to recognize that the lack of telecommunications infrastructure could hinder long term growth prospects."

Can growth continue? Inevitably, this led to greater involvement of the private sector, an influx of foreign investment and a large number of players in most Far Eastern markets. Usually, investors were granted licenses on condition that they embarked on large-scale installation of fixed lines, resulting

in a rapid expansion of the reach of the networks. New mobile operators saw the number of subscribers rocket within months of the launching of their services.

Pyramid points out that weakened currencies in many Asian countries are likely to impact the telecommunications sector in three ways. The costs of financing U.S. dollar loans have soared, prices of equipment from overseas manufacturers have risen dramatically, and demand for services is expected to decrease as people have less money. One of the main worries is the withdrawal of foreign investors. Already, regional U.S. Bell operating companies in parts of Asia are scaling back investment, as is AT&T, because they are all anxious to concentrate resources on their domestic market, which is in the throes of liberalization.

Satellite deals in Indonesia have run into serious trouble because they were pegged against the rupiah, which has plummeted in value since the crisis began, raising costs astronomically. In the Philippines and Thailand, the build-out of wireless local loops (fixed lines supplied by radio technologies) has stalled as the repayments on the loans funding them have gone haywire.

Yet the outlook is not all bad. Southeast Asian operators that have a net inflow of international traffic stand to gain to some extent from the crisis as they are paid in foreign currencies by overseas operators for terminating international calls within their region.

### Looking for bargains

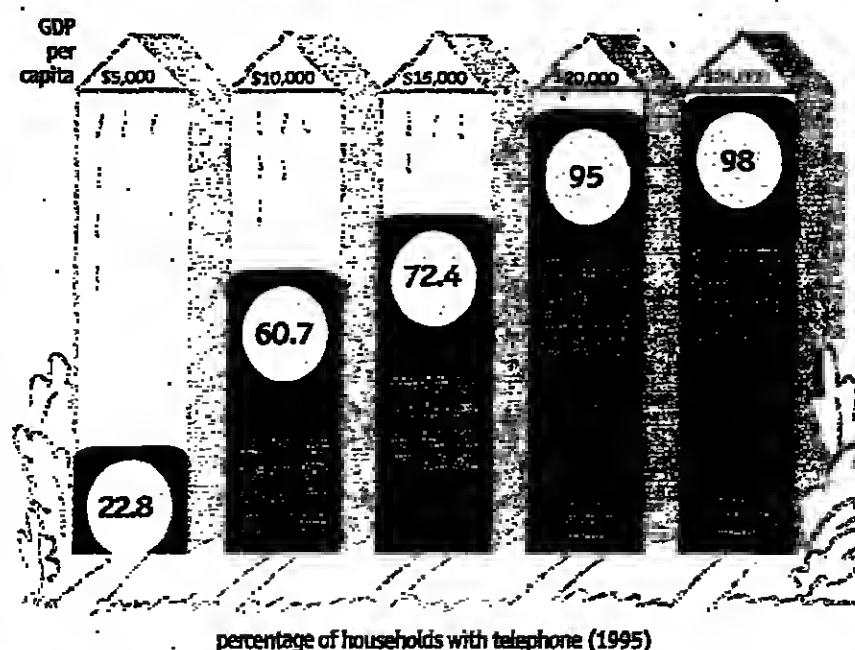
On a wider scale, as Maev Sullivan, an independent, London-based telecoms consultant, says, "There are lots of network operators who are looking for bargains and have the wherewithal to buy. Many people paid over the odds to get into some of the markets and are now looking to get out, so their assets are more realistically priced and pay-back times more soberly assessed."

Many potential investors are from within the Asia-Pacific region.

Peter Lovelock, an analyst with the International Telecommunication Union, a UN agency based in Geneva, points out that Hong Kong Telecom was paid \$6.7 billion by the government a couple of months ago in exchange for relinquishing its monopoly on international traffic.

The Australian national operator Telstra was partially privatized recently, raising

## GDP and Households with Telephones, Worldwide



\$10.9 billion, while in a complex transaction, part of China Telecom is to pay \$1.6 billion to increase its minority shareholding in Hong Kong Telecom. All have pretensions to a dominant presence in other Asia-Pacific countries.

Already the cash-rich Singapore Telecom (SingTel) is in negotiations to buy at least 30 percent of the Malaysian phone company Time Telecommunications Bhd.

### Making distinctions

Mr. Lovelock says that what happens to telecoms in the region will depend on whether or not the crisis is, per-

ceived as a relatively short-term currency adjustment in overhyped economies; or the beginning of real economic disaster.

He also distinguishes between different types of investment and suggests, for example, that the pay-back period for mobile networks and Internet service provision is relatively short compared with the longer hauls expected by investors in satellite and big, fixed-line build-out projects. Consequently, they will be looked at in a different light.

Even so, both he and Maev Sullivan feel that there is a surplus of mobile service providers in many countries,

with too many licenses awarded for too small a market, and that some consolidation will be beneficial, making the sector more stable, and was inevitable anyway.

Mr. Lovelock is bullish about whether the crisis in Asia will make telecoms investors in other developing countries more cautious. He wryly comments, "You would hope so, but I doubt it. Events in Asia should give rise to a whole new set of questions in the minds of investors, but telecoms is so sexy, it is hard to dampen its enthusiasm for new markets."

Annie Turner

## WORLD TELECOMMUNICATIONS DEVELOPMENT CONFERENCE

Telecommunications is fundamental to the growth of national economies, yet there are enormous differences in access to telecommunications around the world, ranging from 0.7 phones per 100 people in Cambodia to 99 per 100 inhabitants in Monaco. At the beginning of 1997, 62 percent of all phone lines were installed in just 23 developed countries, even though collectively these countries account for less than 15 percent of the world's population.

The second World Telecommunications Development Conference (WTDC-98) begins on March 23 in Valletta, Malta, and its principal aims are to devise strategies and plans to redress this imbalance. WTDC-98 is organized by the Telecommunication Development Bureau, part of the International Telecommunication Union, itself an agency of the United Nations, based in Geneva.

Ahmed Laouane, director of the Telecommunication Development Bureau, has expressed great concern about the widening gap between the "information rich" and "information poor" and says that the ITU must "take the initiative to integrate the establishment of a truly Global Information Infrastructure" (GII) into the ITU's global development mission.

The concept of a GI — making more advanced services such as Internet access, distance learning and telemedicine, as well as basic telephony, available globally — was outlined by U.S. Vice President Al Gore at the first ITU development conference held in Buenos Aires in 1994.

Mr. Laouane concludes, "While continuing to assist in capacity-building at a government level, we should help more and more in a variety of emerging local private entities and national private sectors. These are the real 'engines' of social and economic development."

For information on the World Telecommunications Development Conference and other ITU events, visit [www.itu.int/Conferences/](http://www.itu.int/Conferences/) on the Web.

A.T.

"TELECOMMUNICATIONS IN EMERGING MARKETS" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the display advertisers and OTE.

WRITERS: Matthew Doman in Mexico City; Anthony Kefalas and Pat Hamilton in Athens; Dennis Normile in Tokyo; Pamela Ann Smith, Richard Synges and Annie Turner in London.

PROGRAM DIRECTOR: Bill Mahder.



SPONSORED SECTION

SPONSORED SECTION

## TELECOMMUNICATIONS IN EMERGING MARKETS

### THE LONG GOOD-BYE TO MONOPOLY IN LATIN AMERICA

Mexico and Chile have opened their telecoms markets wider than any other key Latin American economies, and Argentina is preparing for more competition.

Ricardo Salinas Pliego runs Mexico's second-largest television network, an electronic paging service and a chain of down-market retail stores selling electrical goods. Within a few months, he plans to be a telephone executive as well.

Mr. Salinas Pliego plans to put on top of his retail outlets antennas with the capacity to send and receive telephone signals to homes and businesses within a 2 kilometer (1.2 mile) radius. He won't cover all of Mexico this way, but he hopes to reach a fair enough chunk of urban areas to turn a profit while offering a more competitive neighborhood service than is provided by Mexico's phone monopoly, Telmex.

The geographic spread of his retail network gives Mr. Salinas Pliego a head start in what is known as "fixed wireless" telephony. His is an example of the niche strategies being shaped by entrepreneurial investors around the country as a result of the rapid opening in Mexican, and some, but only some, other Latin American telecommunications markets.

In different ways and at different velocities, Mexico and Chile have opened their telecommunications markets wider than any other key Latin American economies. They remain the only major markets in the region with open competition in long-distance services. Chile opened its market more aggressively and suddenly than anyone.

#### A fast start in Chile

Consistent with its fast-track approach to economic reform, the Chilean government decided to open its long-distance market with a bang. There were no ballots of phone subscribers to choose a preferred carrier. From day one, all players, existing and new, had a three-digit company prefix

and competed aggressively to ensure that their code was the one Chileans dialed before making their international calls.

This aggressive competition created some great deals for consumers and some hard times for the carriers. Special offers such as 5-cents-a-minute calls from Santiago to Europe strained the new carriers' profitability, and soon the situation began.

The Mexican model is the one that others are more likely to follow.

Telmex enjoyed several years of continued monopoly after its 1990 privatization. In other countries, too, privatized national phone companies are enjoying a honeymoon with no competitors, a time to upgrade rundown telephone infrastructure, to prepare slovenly bureaucratic giants for the rigors of competition and — almost everywhere — to reap substantial profits.

#### The battle of Mexico

For Telmex, the honeymoon ended last year with the beginning of competition in long-distance services, and now Mexican authorities are moving rapidly to open other areas of the telecoms market.

Mexican long-distance competition began with a series of ballots, beginning in the city of Queretaro in January, allowing phone users to choose a preferred carrier. The dialing-code system will come later (over the next few months).

The new players, led by AT&T affiliate Alestra and MCI's Avantel operation, have taken a 31 percent market share since February last year, when competition began in the first of 60 cities with open markets.

The 60 cities with open long-distance markets represent more than 80 percent of the 9 million phone lines in Mexico. In 1998, competition will be extended to another 40 cities,

representing a further 5 percent of Mexico's phone lines.

Avantel's marketing and commercial director, Jorge Rodriguez Soria, says the share of phone lines won by new players means Telmex has suffered the "fastest loss of market share" of any former telephone monopoly "anywhere in the world." In the United States, it took eight years for the former monopoly, AT&T, to lose a 30 percent share to new competitors.

Such a rapid change in the market has not come without some angst.

The new entrants have complained that the terms of their commercial relations with Telmex are not competitive. Their biggest complaint concerns the interconnection fees they must pay to Telmex for every call made. As Telmex continues (at least for several more months) to hold a monopoly on basic telephone services, all long-distance calls within, into and out of Mexico must at some stage pass through a Telmex exchange. Mr. Rodriguez Soria of Avantel says interconnection fees represent about 58 percent of the average cost of calls, about 50 percent higher than the international average.

While the prices of domestic and international long-distance calls have fallen, the declines have been minimal compared with those in Chile.

"Our pricing strategy is to be competitive but not necessarily the cheapest," says Alestra President Jorge Escalona. "We look to the customers who want the confidence of dealing with AT&T, the world leader. We are selling a brand, and it is a brand that has value."

It remains to be seen what road will be taken when other major markets, including Argentina, Peru and Venezuela, open their long-distance markets beginning in 1999. In these countries, privatized national phone companies continue to enjoy near-monopoly conditions, but with a time limit.

On March 10, Argentina laid out the basic conditions under



Peru and Venezuela will open long-distance markets in 1999.

which competition will commence in November 1999, ending the monopoly enjoyed by Telecom Argentina in the north of the country and Telefonos de Argentina in the south.

Telecom Argentina's president and chief executive, Juan Carlos Masjoan, defends the split monopoly arrangement that has been in place since Argentina privatized the former Entel phone company in 1991. He argues that Argentina was not ready for full deregulation when the phone company was privatized and that five basic conditions were necessary before further opening: more universal service levels throughout the country, clear interconnection conditions for a multicarrier market, a new numbering plan, clear legislation protecting new entrants from predatory action by dominant carriers and a rate rebalancing between local and long-distance calls (implemented last year) to enable existing players to compete with new entrants who would offer only limited services.

"When you look today, what has happened over the last five years is magic," Mr. Masjoan says. "But if you want a more competitive world, guidelines must be transparent."

Matthew Domani

### A FIBER-OPTIC CABLE FOR AFRICA

It will link Malaysia, South Africa and Senegal.

An announcement on March 6 that substantial investment has been committed to a new east-west optical-fiber submarine link between the Far East and the west coast of Africa was the most recent indication of the key role that South Africa intends to play in putting the African continent onto the information superhighway.

Africa has in recent years been hampered in its hopes of harnessing the latest telecommunications advances by a combination of economic and political troubles, as well as by the practical difficulties of coordinating initiatives among more than 50 countries. Against this background, the development initiative by Telkom SA, the South African national phone company, to provide the benefits of optical-fiber interconnectivity to diverse regions of Africa will be widely welcomed.

Scheduled to be in service in the year 2000, the \$550 million submarine cable will provide an integrated link between Malaysia, South Africa and Senegal, providing 10 landing points along its route and opportunities for more landings in due course.

The new cable link will effectively become the first leg of a round-Africa cable concept endorsed by the International Telecommunication Union (ITU).

The 15 telecoms companies party to the agreement say that their own funding commitments and outside commitments total \$430 million. A telecoms official associated with the project says that this potential investment subscription of 79 percent "vastly exceeds all other attempts and proposals for similar-type infrastructure that have been on offer to the African continent over the past four years."

The linking of the South Africa-Far East (SAFE) cable with the Southern Africa-Western Africa (SAT-WASC) cable has brought down the individual costs of each. It also has the potential to earn extra revenue by providing back-up capacity for the heavily used east-west routes in the northern hemisphere, explains Rhynie Greeff, Telkom SA's managing executive for international and special markets. Every increase in traffic volume carries with it the prospect of lowering the high cost of telephone services between Africa and the rest of the world.

South Africa's telecommunications leadership in Africa is partly explained by the fact that the country accounts for 5 million of the African continent's 12 million lines. South Africa is also undertaking what is by far the largest single telecommunications investment program on the continent. The estimated cost of its domestic infrastructure projects over the next five years are \$10 billion.

Richard Sygne

Under the chairmanship of South Africa's Posts, Telecommunications and Broadcasting Minister Jay Naidoo, an African Telecommunications Development Steering Committee has been set up to map out a continental communications strategy before an ITU conference, called Africa Telecom 98, to be held in Johannesburg in May.

"Each country has to make its own analysis, set its own goals, but overall we need a principle of consistency in how to bring in public and private sector partnerships for delivery," Mr. Naidoo says.

He recommends action in four essential areas: creating legal and regulatory frameworks, securing financing and investment for telecommunications development, creating delivery mechanisms for development objectives and creating a common approach among African states to improve the continent's bargaining power.

Mr. Naidoo says that some of the most important recent developments in telecommunications in Africa have been wireless local loop technologies, data services and intelligent applications, VSAT (very-small-aperture satellite transmission) services and direct-to-home broadcasting. He adds: "The pace of change shows no evidence of abating."

He assesses the importance of the sector not only in terms of economics and trade, but also in its potential contribution to "education, health, business and social services to every village in Africa."

South Africa's Telkom is engaged on a number of fronts, expanding its terrestrial links with its neighbors, establishing gateways for mobile satellite networks like ICO and Globalstar, and helping the Southern Africa Development Community to set up a joint company to provide unified VSAT systems for business customers throughout the region.

According to Telkom's Mr. Greeff, the biggest challenge facing the African continent is "how to balance the need for universal access and increased rollout of systems with the vital importance of improved telecommunications solutions for the high end of business, which drives the continent's economic development."

It is a challenge he compares to "running a marathon race while you are still making the shoes to run with."

South African telecommunications operators, such as Mobile Telephone Networks (MTN), are becoming increasingly active partners in moving African communications forward. MTN is on the point of signing a \$60 million deal with Uganda to install a complete national network and hopes shortly to conclude similar deals with Rwanda and the Democratic Republic of Congo.



UP,



AND  
COMING.

#### THE GLOBALSTAR SATELLITE TELEPHONE SYSTEM.

We've launched the first satellites of the 48-satellite Globalstar telephone system. In 1999, you'll be able to transmit voice, fax, and data—clearly, dependably, and affordably—from virtually any point to any point on our planet. All with a simple handset. To learn how to go beyond the limits of cellular, fax (U.S.) 1-408-933-4100, or Internet: <http://www.globalstar.com>.

Visit Globalstar at CeBIT '98, Hall 26 Stand A01

Globalstar



WE'LL HAVE THE WHOLE WORLD TALKING.

GLOBAL - QUALCOMM - AIRTOUCH - ALCATEL - ALLENIA - DACOM - DAIHAT-BENZ AEROSPACE - ELSAG BAILEY - FRANCE TELECOM - HYUNDAI - SPACE SYSTEMS/LOGAL - VODAFONE

مركز الاتصالات



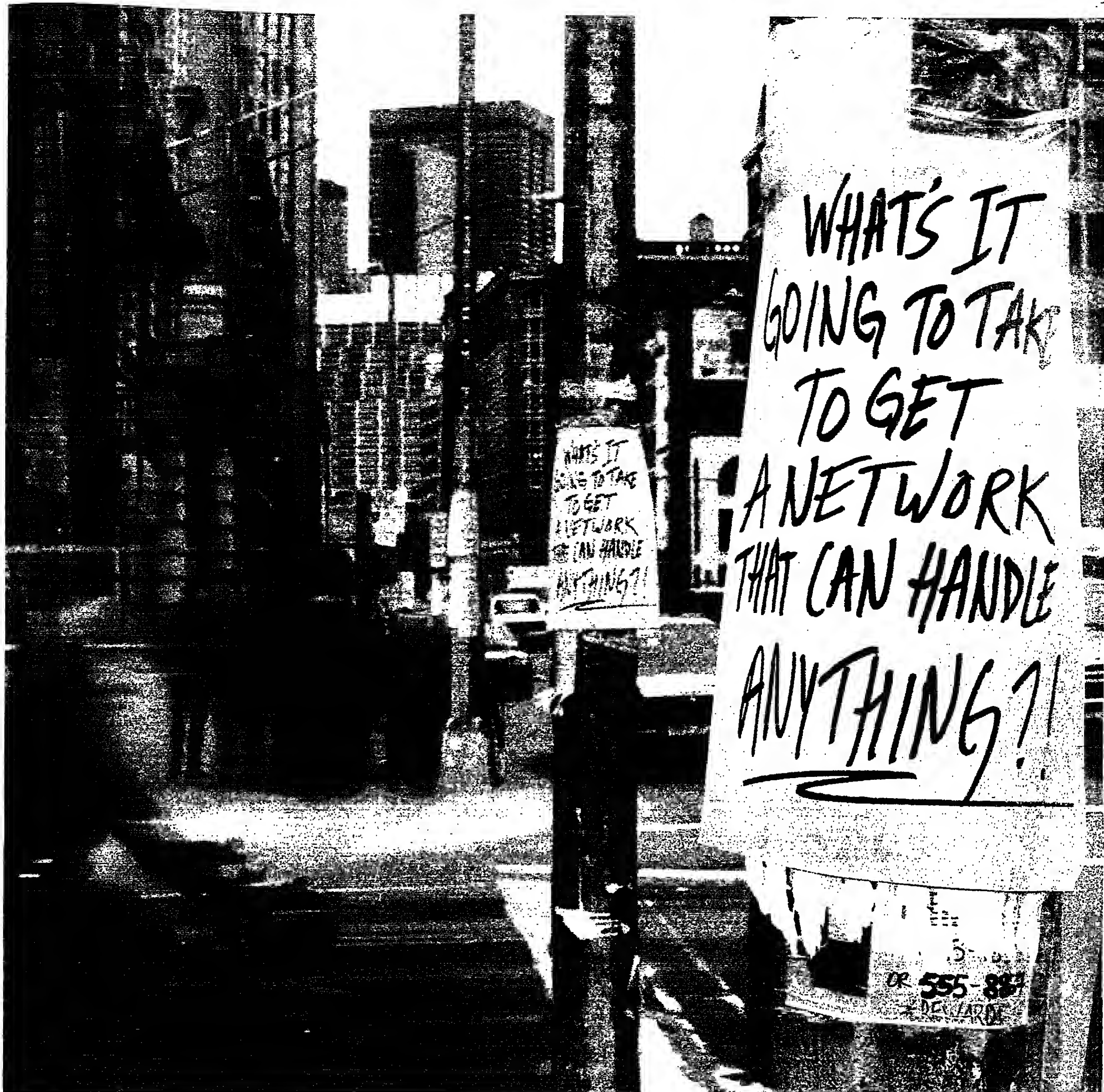




# OFF ITS TETHERS

## ION AREAS

## EASTERN EUROPE



### THE POWER OF LIGHT.

Internet traffic. Video applications. LANS. WANS. (Whew!) What's it going to take to get you the bandwidth you need to make it all work? Optical innovations from Bell Labs. We're dramatically increasing the capacity of existing networks with advanced optical networking technology. Our new WaveStar™ optical networking system is an entirely new level of innovation. It delivers five times the bandwidth of today's commercial fibre-optic systems, without adding more cable. (That's enough capacity to handle every bit of per-second worldwide internet traffic over a single fibre.) We know how to get you the bandwidth your network needs. As much as you need. Where you need it.

**Lucent Technologies**  
Bell Labs Innovations  
Tel: (32) 70-23 34 20  
[www.lucent.com](http://www.lucent.com)

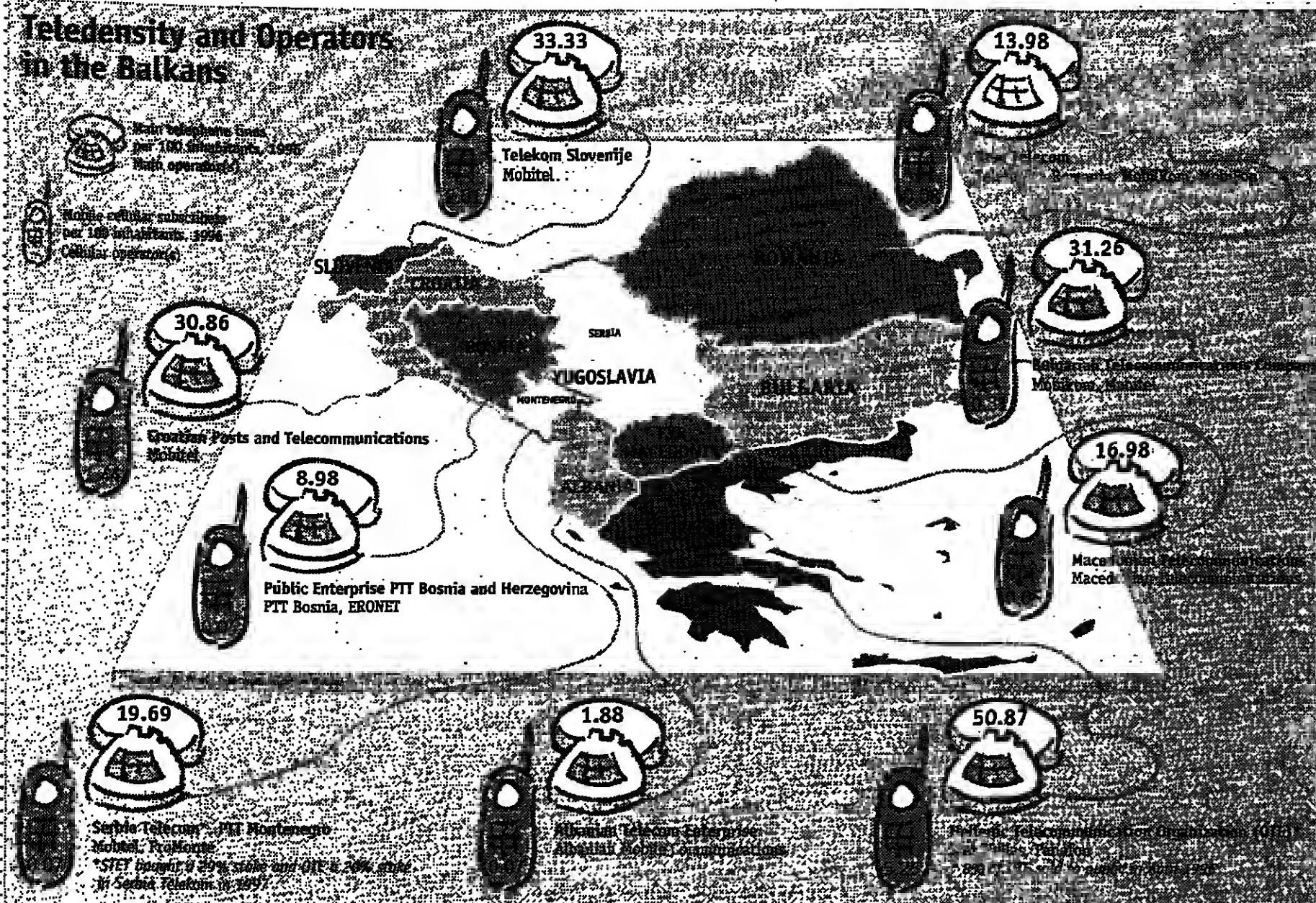


We make the things that make communications work.™



# TELECOMMUNICATIONS IN EMERGING MARKETS: SOUTHEASTERN EUROPE

## Teledensity and Operators in the Balkans



## CAN SOUTHEASTERN EUROPE CATCH UP?

Greece is capitalizing on its ties to take a lead in getting involved in the region.

A deep divide separates the countries of Central and Eastern Europe from the countries of the Balkan Peninsula. While countries like Poland, the Czech Republic and Hungary have moved, usually with alacrity, to deal with the problems inherited from the past, the Balkan countries have lagged behind.

Nowhere is this so obvious as in telecommunications. While most of the important telecom operators in the CEE have been privatized, prospects for the privatization of Balkan carriers are uncertain, tied up as they are with regional and local party politics. Nevertheless, there are plans for privatization in the region.

Serbia has accepted the Greeks and the Italians as partners, selling 29 percent of Serbia Telekom to STET SpA of Italy and 20 percent to OTE of Greece.

Bulgaria, Romania and the former Yugoslav republic of Macedonia also intend to sell off parts of their state-owned carriers.

Given the rapid rate of technological progress in telecommunications as well as the importance the sector has acquired as a factor conducive to economic growth, these countries can no longer afford to lag behind. Yet most of them remain suspicious both of their immediate neighbors and of large countries farther to the west.

The one country that appears to have a comparative advantage in gaining contracts is Greece. Traditional ties are one factor, and European Union membership is another. Geographical proximity and Greece's small size also contribute, along with the modernization of the country's telecommunications infrastructure.

The Hellenic Telecommunications Organization (OTE) is carefully maneuvering into position to capitalize on these advantages.

### Regional cooperation

The size of the market of each of the Balkan countries separately does not allow for economies of scale and other external synergies that are critical for the efficient operation of industries like telecommunications. It is slowly becoming apparent, though, that these countries are trying to address this problem through regional cooperation.

Just a few weeks ago, a Memorandum of Understanding was signed in Athens by all operators of the region regarding the establishment of a common Balkan Telephone Card. The advantages are obvious: A Greek resident would be able to use a public pay phone in Bulgaria and pay with a card purchased in Greece.

Cooperation is thus ensured. What is equally important, however, is the fact that such an operation demands the creation of regional software to run the program as well as, in all probability, common hardware.

OTE intends to be a major player in the area in the next few years. Its efforts are supported by major equipment suppliers like Intracom SA and by an entire network of Greek businesspeople, Greek banks and Greek personnel. It is a sort of "integrated" approach to privatization and modernization: A joint venture is created in countries like Serbia, know-how is brought in, old equipment is replaced and new equipment is installed, banks provide the financing, and traditional ties between Greece and its neighbors help deal with local problems and sensitivities.

### Research and development

OTE has even tried to coordinate all national research and development activities in the sector. It played an important role in the creation of the Information Society Forum, which brought together all public and private research organizations active in telecommunications. And it is rapidly building up its own Research Center, with the aim of making it function smoothly in a pan-European environment.

West European telecommunication organizations are thus faced with a challenge, while American companies have tended to stay away. Their preoccupation with short-term profits and quick return on investment, their impatience with local customs, which invariably prolong all transactions, and their limited marketing experience in selling to Eastern Europe and the Balkans has kept most of them out of the market. Companies like Ameritech, US West and Air Touch (the latter in mobile telephony only), which are currently engaged in the area, are exceptions.

The job ahead promises to be anything but easy. The intermingling of politics and economics, suspicions old and new, the influence of large West European state telecommunication firms, the small size of the market and the difficulties in creating and maintaining regional cooperation ooms all point to a hazy picture as far as the modernization of Balkan state telecommunication entities is concerned. Yet privatization and modernization will have to move along — at least if the aim is to either remain or to become internationally competitive.

Anthony Kefalas

## FOR GREECE, TELECOM MODERNIZATION STARTS AT HOME

The Greek telecoms operator is refocusing its expansion plans on the Balkans as it prepares for further privatization.

The installation of new management at OTE, the Greek telecommunications monopoly, has been complemented by an unplanned event, the devaluation of the drachma. Together, these two developments offer new and much improved perspectives for the mostly state-owned company, whose full name is the Hellenic Telecommunications Organization SA.

George Chryssoulouris, an MIT graduate and former advisor to Prime Minister Costas Karamanlis, has moved rapidly to develop a new business plan for OTE. The plan revolves around a geographical refocusing of the company's activities, the introduction of new services and the restructuring of its management.

Mr. Chryssoulouris belongs to that brand of professional managers and technocrats who have started to run Greece's public sector companies as the government tries to deal with their inadequacies.

Paring down He has moved to improve managerial efficiency. After hardly two months in office, he has pared down the number of top managers, from eight to four, while the whole middle and top managerial class is under review by three

independent international advisory firms. The new organization is expected to be in place before the end of the year.

Mr. Chryssoulouris has also refocused OTE's activities closer to home. Prior to his arrival, OTE had plans to expand in the Balkans, the Middle East and the territory of the former Soviet Union. In early December, OTE agreed to pay \$142.5 million for a 90 percent share of ArmenTel, the Armenian telecommunications company. Through its daughter company HellasKom, OTE had signed a \$14 million contract to install a fiber-optic network in the Republic of Georgia.

To date, HellasKom has undertaken 12 major projects in Lithuania, Armenia and Georgia, worth \$62.5 million in total.

Soon after his arrival, Mr. Chryssoulouris issued a statement saying that OTE's offer to buy 40 percent of Jordan's telecommunications company had been withdrawn. He also stressed that all of OTE's plans to expand into non-Balkan countries would be carefully examined. Such plans, he added, would proceed only after detailed review and if they clearly showed that the advantages outweighed the disadvantages for OTE.



George Chryssoulouris, the new managing director of OTE, is leading a restructuring of the Greek operators' management, refocusing the company's foreign activities in Southeastern Europe and planning to introduce new services, including mobile communications and Internet.

Maria Markopoulou, a spokeswoman for OTE, has indicated that the company's priorities now center on Romania, Serbia, Bulgaria, Moldova and possibly the former Yugoslav republic of Macedonia.

In June 1997, Serbia sold a 49 percent stake in Serbia Telekom to OTE and STET SpA of Italy in a deal worth more than \$900 million.

OTE also plans to enter the mobile communications market as the third GSM (Global System for Mobile) operator in Greece and to aggressively expand its role as an Internet provider. The devaluation of the

drachma has offered OTE an unplanned but valuable opportunity. The company has already sold through two initial public offerings, 9 percent and 11 percent of its equity respectively. Its shares, though, have traded poorly on the Athens Stock Exchange.

Cheaper drachma Devaluation is expected to bring down interest rates and to benefit the stock market. This, in turn, will benefit Greek blue chip companies like OTE.

The greater benefit, though, will come from further privatization of the company.

Acting under pressure from the European Commission in Brussels, the Greek government has already announced that it will adopt even more stringent monetary, fiscal, and wage and salary policies. The country aims to reduce inflation to below 2 percent and to balance the budget by 1999.

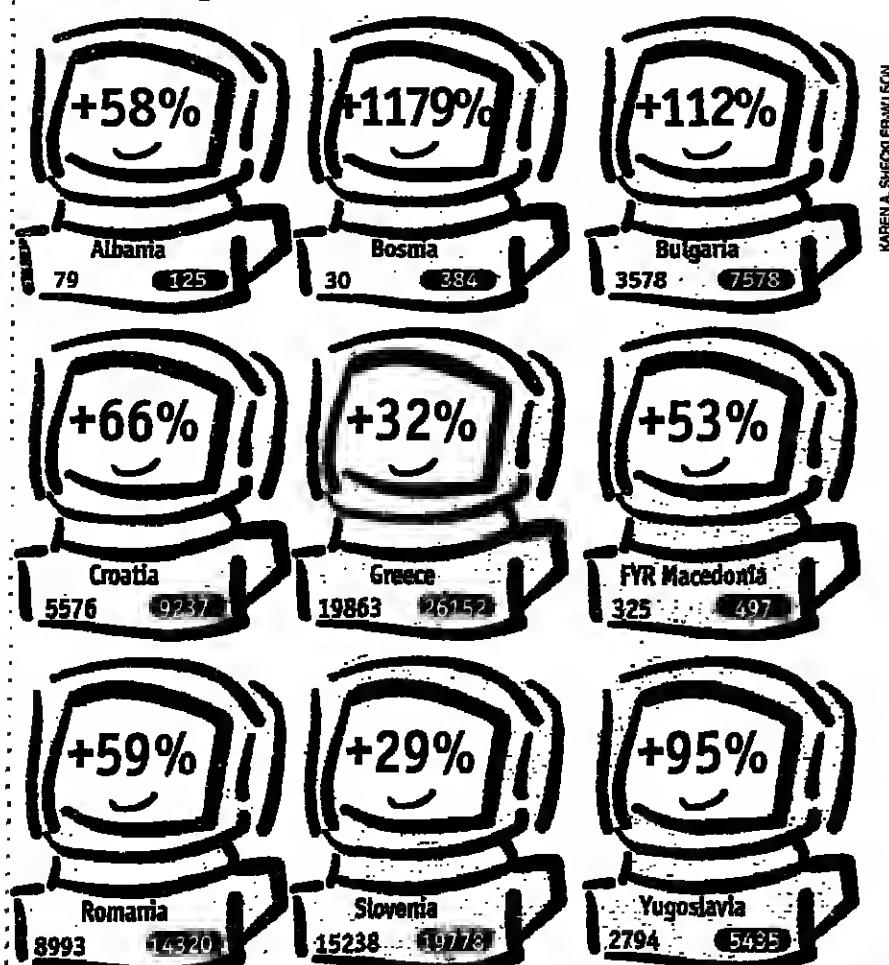
For this to occur, large scale privatization has to take place, and OTE is a certain candidate.

Direct procurement contracts have also played a role in OTE's expansion and modernization. These were phased out at the end of last year, but not before OTE had

handed out contracts to modernize the company's infrastructure. "Over the last few years, investments in telecommunications have been delayed," says Mr. Chryssoulouris. "As a result," he adds, "the company's network has been digitized by only 50 percent."

On the basis of the new contracts, the company will be fully modernized by the year 2001 — the year Greece is expected to enter European Monetary Union. A.K. For more information: OTE Tel: +30 1 611 5766, +301 611 5058 Fax: +301 611 5765

## Growing Internet Use in the Balkans



number of Internet host computers by country in February 1997

number of Internet host computers by country in February 1996

## INTERNET USE IS GROWING, BUT NO BOOM YET

Service providers are trying to get more Greeks on-line and looking forward to entering other Balkan markets.

While the Greek Internet market still lags behind the rest of Europe, with less than 1 percent of the country's 10 million inhabitants on-line, the industry is expanding rapidly. Last year's launch of OTEnet, a subsidiary of the partially privatized Greek telecoms operator OTE, is seen as a welcome stimulus to the industry.

OTEnet's goal, according to Antonis Lyrantoukakis, head of research and development, is to close the gap with Greece's European neighbors. "We foresee user figures doubling each year, with 10 percent of households using the Internet by the year 2000."

Within a year, OTEnet has captured the largest market share — a quarter of the country's dial-up subscriptions and 20 applications a month for permanent lines — but in a country with fewer than 1 million PCs, Mr. Lyrantoukakis is quick to emphasize the need for advertising. "Greeks are not convinced of the benefits that come from the Internet, and even those companies that

decide to invest are not completely convinced, so they invest the least possible," he says. Estimates put the number of business PCs in Greece at 550,000 and the number of companies connected to the Internet at only 14,000.

In 1997, OTEnet spent 160 million drachmas (\$496,000), or 15 percent of its budget, on advertising, and it will spend 250 million to 300 million drachmas this year, a figure OTEnet estimates to be equal to the advertising budgets of the approximately 20 other Greek Internet service providers combined.

The general manager of Hellas On Line, Panos Sarantopoulos — whose company (with 8,000 subscribers) is one of the four dominant local Internet service providers, along with OTEnet (15,000 subscribers), Forthnet (11,000 subscribers) and Compulink (5,500 subscribers) — credits OTEnet's heavy promotion with enlarging the pie. "We feel Greece is at the same state the computer industry was 15 years ago:

They were selling first 'Why a PC,' then 'My PC,' but we definitely haven't reached the boom," says Mr. Sarantopoulos. "So there is tremendous potential."

Mr. Sarantopoulos points to the Greeks' extroverted character and preference for doing business face-to-face as a reason for the delay in PC and Internet use.

"But the new generation is changing," he says. "As the infrastructure becomes richer and more available, as terminals become more friendly, as the market is liberalized, Greek companies have to adopt new methods if they want to survive."

The goal for Internet service providers is to convince 10 percent of the approximately 700,000 Greek businesses to become permanently connected to the Internet, according to Mr. Sarantopoulos. Currently, 1,500 Greek companies have taken Internet domain names, giving themselves an international presence on the Web, with the Balkans as the logical market.

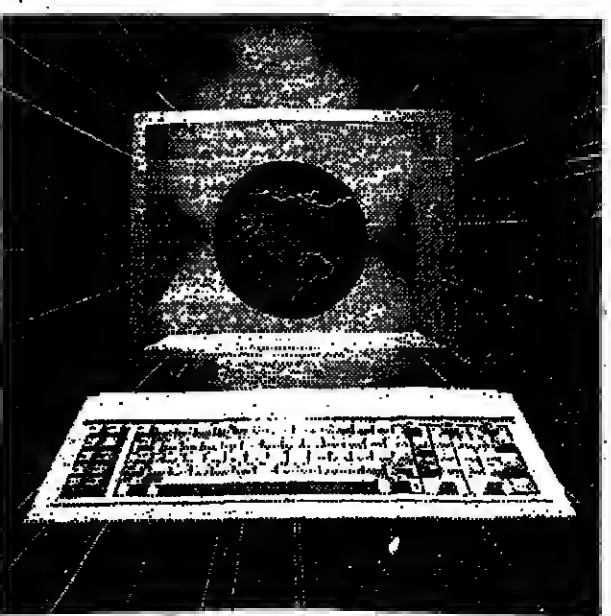
"We intend to make OTEnet the Internet node for

the Balkans," says Mr. Lyrantoukakis of OTEnet.

Of the estimated 100,000 Greeks now using the Internet, according to an October 1997 survey by market research firms Creative Marketing and Amer Nielsen Research, 93 percent are male, half are between 25 and 34 years of age and university educated, and two-thirds

spend an average of two hours daily on the Internet, most often between 8 P.M. and midnight. Businesspeople account for 41 percent of Internet users, employees for 37 percent and students for 19 percent.

The survey predicted the number of Internet users would double in 16 months. Pat Hamilton



The goal is to get 10 percent of Greek businesses on the Internet.











## SPORTS

## Arizona, on a Roll, Beats Maryland

Wildcats' 87-79 Victory Sends Them to the Regional Final

By Jay Privman  
New York Times Service

ANAHEIM, California — It figures that a guy with a mouse tattoo on his leg would thrive in the shadow of Disneyland.

Mike Bibby, Arizona's brilliant point guard, has a mouse on his left calf and his initials tattooed on his right arm. On Thursday night he tattooed Maryland with a brilliant display of outside shooting and pinpoint passing that launched Arizona past Maryland, 87-79, in the

## NCAA

National Collegiate Athletic Association tournament's West Regional semifinals at the Arrowhead Pond.

The defending national champions are on a roll. After blowout victories over Nicholls State and Illinois State in Sacramento, California, last weekend, the Wildcats headed to southern California, faced their toughest opponent thus far in the tournament and kept on motor.

Arizona (30-4), the region's top-seeded team, now moves into Saturday's regional final. The Wildcats will face third-seeded Utah (28-3), which survived a scare from 10th-seeded West Virginia before prevailing. The winner of that game goes to the Final Four next weekend in San Antonio, Texas.

Bibby had 26 points to lead all scorers. He also had four assists and four steals, and his teammates seemed to feed off his confidence.

"It doesn't make much difference what someone does against him, you get the ball in Mike's hands and he's going to make great decisions with it," said the Arizona coach, Lute Olson.

Arizona increased its lead to 52-38 early in the second half, but Maryland, behind Laron Profit, rallied with an 18-5 run.

Profit nailed a 3-point shot, then slashed inside for a basket and converted a 3-point play after being fouled to bring the Terrapins to within 6 at 52-46.

But Bibby then stole the ball from

Profit on an ensuing Maryland possession, converted a layup and completed a 3-point play for a 56-46 lead.

Three-point conversions by Rodney Elliott and Terrell Stokes brought Maryland back to within 56-52 with a little more than 12 minutes remaining. And when Stokes got loose for a backdoor layup with 10:28 remaining, Maryland trailed by just 57-56.

Olson then called a 20-second timeout that seemed to soothe his players. Dickerson and Simon converted on the next two possessions to put Arizona back up by 5, and they were never caught.

During the timeout, Olson said, he told the players they "just have to get tougher and step it up."

Bibby's stellar outside shooting helped propel Arizona to a 42-33 lead at halftime.

The Wildcats led by as many as 12 points, at 33-21, and never led by fewer than 6 points the last 10 minutes of the half.

Bibby was on fire, and he delighted in his success. After nailing a 3-point shot with six minutes to go in the half, he ran back upcourt while rubbing his head, as if a genie would pop out. Minutes later, after downing another 3, Bibby turned to the crowd and smiled, then yelled "Woowooo!" long and loud.

## No 2d Mountaineer Miracle

ANAHEIM, California — Utah nearly became the latest high-seeded team to be felled by upstart West Virginia, but the Utes desperately hung on and survived when West Virginia's Jerrod West missed a 3-point shot as time expired.

West, who knocked out the West Regional's second-seeded team, Cincinnati, with a buzzer-beater last Saturday, was trying to tie the game, but his 22-foot shot bounced off the rim as the buzzer sounded, enshrining No. 3 Utah to escape with a 65-62 victory.

Utah's coach, Rick Majerus, breathing much easier immediately afterward,

said, "I feel fortunate to move on." West Virginia's Drew Hansen said: "I didn't think we played our best game. They didn't either. It was a sloppy game." (NYT)

## UConn Survives at the Buzzer

GREENSBORO, North Carolina — Connecticut can smell, taste and feel the Final Four. It is that close for UConn after it survived, barely survived, because Richard Hamilton made an off-balance, eight-foot shot at the buzzer to catapult his team to a 75-74 triumph over Washington.

Can Connecticut finally get to the Final Four this season? Hamilton's shot at least gives UConn a chance.

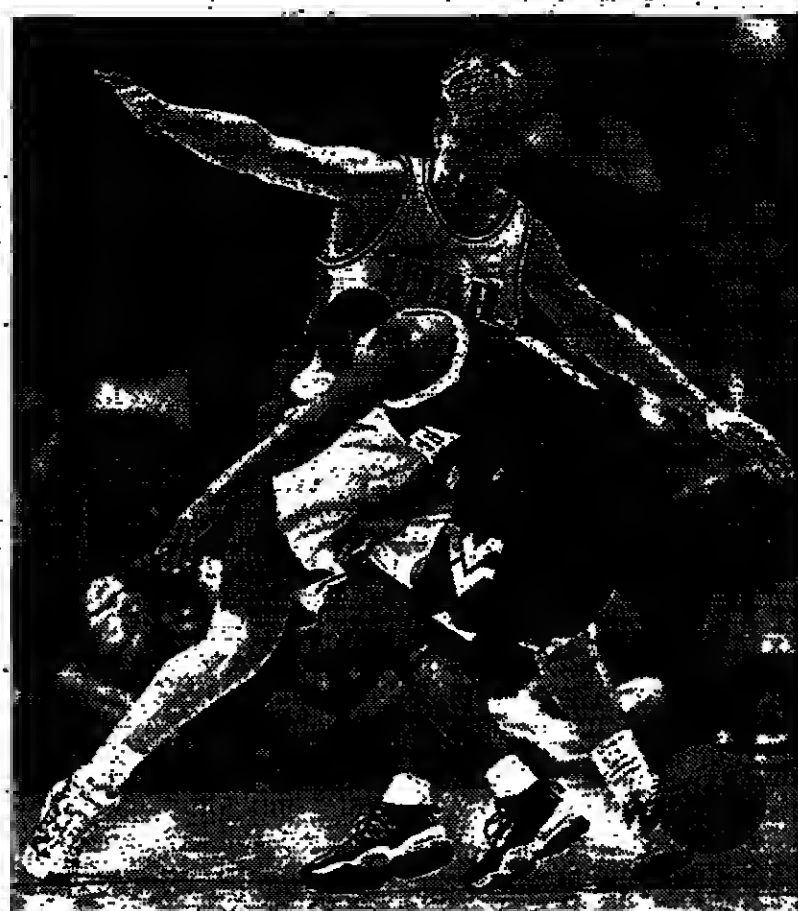
It will take a victory in a showdown against North Carolina in the East Regional championship on Saturday for Connecticut to be one of the four teams still breathing for the first time. The Huskies motored into the round of eight in 1990 and 1995, stalling in agonizing fashion each time.

"It almost happened to Connecticut again in the Round of 16 on Thursday night. Donald Watts made a dramatic 3-point shot from the left side with 33.2 seconds left that vaulted Washington to a 74-73 edge, which was the first time the Pacific 10 Conference school led.

Suddenly, the season had come down to one possession for Connecticut. One chance to avoid an upset and try to continue marching.

UConn's freshman point guard, Khalid el Amin, penetrated along the right side with about 15 seconds left before he passed to Jake Voskuhl, who rimmed out a short jumper. Hamilton got the rebound, but his jumper bounced in and out. Then the ball was tipped by Kevin Freeman before Hamilton grabbed it and sank an even more dramatic fadeaway jumper that kept the Huskies (32-4) alive by sneaking past 11th-seeded Washington (20-10).

"The five guys on the basketball court and the guys on the bench just refused to lose," said Hamilton, who scored 22



Adrian Pledger of West Virginia pressured by Michael Doleac of Utah.

points. "The shot I took, it just happened to go in."

El Amin said: "I looked at him and saw 1.8 on the clock and I told him to shoot it. I knew it was going in as soon as he shot it." Now UConn will oppose top-seeded North Carolina, which is the way it was supposed to be. (NYT)

## The Tar Heels in a Rump

GREENSBORO, North Carolina — North Carolina kept coming and coming at Michigan State whenever it was necessary. If it was not Shammond Williams, it was Ed Cota. If it was not Antawn Jamison, it was Vince Carter. The Tar Heels were pushing and prodding and doing just what they needed to keep putting the Spartans in perilous

positions. It was a sturdy performance by the Tar Heels, who stayed interested and ferocious on defense long enough to quiet Michigan State, 73-58, in the semifinals of the East Regional. At times, North Carolina was simply overpowering, making up for the brief juncture in the second half when the Spartans climbed back into the game.

But the Tar Heels were never rattled when their lead shrank. They passed the ball inside to Jamison or Carter, relied on jumpers from Williams, depended on Cota to ignite a fast break or played aggressive defense. It seemed that North Carolina could dictate the tempo and just how close the Spartans would get before the Tar Heels snuffed them out with more defense. (NYT)

## Fresno State Makes Some Good News

HONOLULU — Fresno State will get some national exposure of another sort next week.

Stung by an exposé of the basketball program on the television program "60 Minutes" and the arrests of center Avondre Jones and recruit Kenny Brunner for

## NIT

robbery and assault, the Bulldogs stayed alive in the National Invitation Tournament by winning, 85-83, at Hawaii on Thursday and gaining the semifinals.

"This is absolutely incredible," said Fresno State's coach, Jerry Tarkanian. "With all the controversy and all the problems we had, they still won 21 games and are going to the Big Apple."

Tremane Fowlkes continued his torrid postseason play with 25 points and 15 rebounds. Fowlkes scored 27 points, including a 3-pointer at the buzzer, in a victory Monday over Memphis.

This time, he teamed up with Terrence Robinson to dominate the inside game for the Bulldogs (21-11). Robinson finished with 22 points.

Fresno State held a 10-point lead with 9:55 left, but the Rainbows (21-9) rallied.

Georgia Tech, Vanderbilt 65 Lorenzo Hall is the East Regional. The senior reserve was a major factor Thursday night in Athens, Georgia, scoring 12 points in 18 minutes as the Bulldogs bolted into the NIT semifinals with a 79-65 victory over a Southeastern Conference rival, Vanderbilt.

"I knew there would be another day I could show my skills to the home crowd," said Hall, who lost his starting job in February.

The victory sends the Bulldogs into the semifinals Tuesday night against Penn State in Madison Square Garden. Fresno State will play Minnesota.

## SCOREBOARD

## BASEBALL

## EXHIBITION BASEBALL

## AMERICAN LEAGUE

Texas 15 4 214  
Baltimore 12 5 706  
Boston 12 4 266  
Detroit 12 3 619  
Oakland 14 9 269  
Anaheim 11 9 291  
Chicago 14 10 353  
New York 11 9 250  
Seattle 11 10 324  
Toronto 12 12 478  
San Diego 9 12 489  
Kansas City 8 12 400  
Minnesota 9 14 391  
Cleveland 7 12 350

## NATIONAL LEAGUE

Philadelphia 12 8 580  
San Diego 12 9 591  
Houston 10 7 588  
St. Louis 10 7 580  
Los Angeles 11 8 579  
New York 12 9 571  
Atlanta 10 11 580  
Chicago 10 11 476  
Pittsburgh 10 11 450  
Cincinnati 10 11 450  
San Francisco 9 13 499  
Milwaukee 8 13 448  
San Francisco 8 13 448  
Florida 12 12 333  
Montreal 3 17 150

## PITTSBURGH BRUINS

N.Y. Yankees vs. Cincinnati, col., rain  
Toronto vs. Pittsburgh, col., rain  
Cleveland vs. Houston, col., rain  
Baltimore vs. Montreal 7  
St. Louis vs. Los Angeles, col., rain  
Oakland & San Diego 5  
Anaheim & Chicago Cubs 2  
Seattle & Arizona 4  
San Francisco & Milwaukee 2

## BASKETBALL

## NBA STANDINGS

## EASTERN CONFERENCE

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## NORTHWEST DIVISION

W L Pct GB  
Seattle 46 21 687  
Portland 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## SOUTHWEST DIVISION

W L Pct GB  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## NORTHWEST DIVISION

W L Pct GB  
Seattle 46 21 687  
Portland 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## SOUTHWEST DIVISION

W L Pct GB  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## NORTHWEST DIVISION

W L Pct GB  
Seattle 46 21 687  
Portland 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## SOUTHWEST DIVISION

W L Pct GB  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## NORTHWEST DIVISION

W L Pct GB  
Seattle 46 21 687  
Portland 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## SOUTHWEST DIVISION

W L Pct GB  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## NORTHWEST DIVISION

W L Pct GB  
Seattle 46 21 687  
Portland 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## SOUTHWEST DIVISION

W L Pct GB  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## NORTHWEST DIVISION

W L Pct GB  
Seattle 46 21 687  
Portland 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## SOUTHWEST DIVISION

W L Pct GB  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## NORTHWEST DIVISION

W L Pct GB  
Seattle 46 21 687  
Portland 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## SOUTHWEST DIVISION

W L Pct GB  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439  
Golden State 15 50 231

## THURSDAY RESULTS

## INDIAN LEAGUE

Indianapolis 27 24 28 14-95  
Washington 25 21 24 21-91  
I. Miller 7:15 5-4 30-30  
Washburn 10-24 4-24 30-30  
Rehabbers-Indiana 48 (D.D. Davis, McKay R.)  
Washington 53 (Hickman 1-0, Jenkins 1-0)  
Indiana 27 Jackson 12, Washington 23 (Hickman 1-0)

## NBA STANDINGS

## EASTERN CONFERENCE

## ATLANTIC DIVISION

W L Pct GB  
Miami 46 21 687  
New York 36 31 545  
New Jersey 32 35 522  
Washington 25 43 367  
Orlando 23 45 326  
Boston 20 48 299  
Philadelphia 15 50 231

## CENTRAL DIVISION

W L Pct GB  
Chicago 49 17 742  
Indiana 46 20 697  
Charlotte 42 24 634  
Atlanta 40 26 615  
Cleveland 36 30 545  
Detroit 30 36 455  
Denver 29 37 439  
Toronto 15 50 231

## WESTERN CONFERENCE

## PACIFIC DIVISION

W L Pct GB  
Utah 46 21 687  
San Antonio 45 21 682  
Houston 42 24 634  
Dallas 40 26 615  
Phoenix 36 30 545  
Portland 30 36 455  
Seattle 29 37 439



11

*(The following information was obtained from the records of the Federal Bureau of Investigation.)*

# U.S. Global

by Nicholas D. Kristof  
*Contributing Editor*

Judging from today's *Washington Post*, it must have been a few years ago a Japanese merchant named Shintaro Ishihara drew a few pointers for the "people" for the U.S., "Mr. and Mrs. Heide." "Right now," the organization built by winners of the prize to its practical end, "it is a decade ago, in 1974, although Mr. Ishihara was not in his analysis, the no-thing was on the rise and the decline was then wide-ly spread, a scholar, Chalmers Johnson." The Cold War is "over," the wisdom has now "upside down, and the low-ly, particularly grand-ly, economies toppled like-ly when if one message from the tremendous res-

## Interest Rates

90 Day Libor	.....	11.3000
3 Month Libor	.....	11.5000
90 Day Fed Funds	.....	11.5000
3 Month Fed Funds	.....	11.5000
6 Month Fed Funds	.....	11.5000
1 Year Fed Funds	.....	11.5000
2 Year Fed Funds	.....	11.5000
3 Year Fed Funds	.....	11.5000
5 Year Fed Funds	.....	11.5000
10 Year Fed Funds	.....	11.5000
15 Year Fed Funds	.....	11.5000
20 Year Fed Funds	.....	11.5000
25 Year Fed Funds	.....	11.5000
30 Year Fed Funds	.....	11.5000
35 Year Fed Funds	.....	11.5000
40 Year Fed Funds	.....	11.5000
45 Year Fed Funds	.....	11.5000
50 Year Fed Funds	.....	11.5000
55 Year Fed Funds	.....	11.5000
60 Year Fed Funds	.....	11.5000
65 Year Fed Funds	.....	11.5000
70 Year Fed Funds	.....	11.5000
75 Year Fed Funds	.....	11.5000
80 Year Fed Funds	.....	11.5000
85 Year Fed Funds	.....	11.5000
90 Year Fed Funds	.....	11.5000
95 Year Fed Funds	.....	11.5000
100 Year Fed Funds	.....	11.5000
105 Year Fed Funds	.....	11.5000
110 Year Fed Funds	.....	11.5000
115 Year Fed Funds	.....	11.5000
120 Year Fed Funds	.....	11.5000
125 Year Fed Funds	.....	11.5000
130 Year Fed Funds	.....	11.5000
135 Year Fed Funds	.....	11.5000
140 Year Fed Funds	.....	11.5000
145 Year Fed Funds	.....	11.5000
150 Year Fed Funds	.....	11.5000
155 Year Fed Funds	.....	11.5000
160 Year Fed Funds	.....	11.5000
165 Year Fed Funds	.....	11.5000
170 Year Fed Funds	.....	11.5000
175 Year Fed Funds	.....	11.5000
180 Year Fed Funds	.....	11.5000
185 Year Fed Funds	.....	11.5000
190 Year Fed Funds	.....	11.5000
195 Year Fed Funds	.....	11.5000
200 Year Fed Funds	.....	11.5000
205 Year Fed Funds	.....	11.5000
210 Year Fed Funds	.....	11.5000
215 Year Fed Funds	.....	11.5000
220 Year Fed Funds	.....	11.5000
225 Year Fed Funds	.....	11.5000
230 Year Fed Funds	.....	11.5000
235 Year Fed Funds	.....	11.5000
240 Year Fed Funds	.....	11.5000
245 Year Fed Funds	.....	11.5000
250 Year Fed Funds	.....	11.5000
255 Year Fed Funds	.....	11.5000
260 Year Fed Funds	.....	11.5000
265 Year Fed Funds	.....	11.5000
270 Year Fed Funds	.....	11.5000
275 Year Fed Funds	.....	11.5000
280 Year Fed Funds	.....	11.5000
285 Year Fed Funds	.....	11.5000
290 Year Fed Funds	.....	11.5000
295 Year Fed Funds	.....	11.5000
300 Year Fed Funds	.....	11.5000
305 Year Fed Funds	.....	11.5000
310 Year Fed Funds	.....	11.5000
315 Year Fed Funds	.....	11.5000
320 Year Fed Funds	.....	11.5000
325 Year Fed Funds	.....	11.5000
330 Year Fed Funds	.....	11.5000
335 Year Fed Funds	.....	11.5000
340 Year Fed Funds	.....	11.5000
345 Year Fed Funds	.....	11.5000
350 Year Fed Funds	.....	11.5000
355 Year Fed Funds	.....	11.5000
360 Year Fed Funds	.....	11.5000
365 Year Fed Funds	.....	11.5000
370 Year Fed Funds	.....	11.5000
375 Year Fed Funds	.....	11.5000
380 Year Fed Funds	.....	11.5000
385 Year Fed Funds	.....	11.5000
390 Year Fed Funds	.....	11.5000
395 Year Fed Funds	.....	11.5000
400 Year Fed Funds	.....	11.5000
405 Year Fed Funds	.....	11.5000
410 Year Fed Funds	.....	11.5000
415 Year Fed Funds	.....	11.5000
420 Year Fed Funds	.....	11.5000
425 Year Fed Funds	.....	11.5000
430 Year Fed Funds	.....	11.5000
435 Year Fed Funds	.....	11.5000
440 Year Fed Funds	.....	11.5000
445 Year Fed Funds	.....	11.5000
450 Year Fed Funds	.....	11.5000
455 Year Fed Funds	.....	11.5000
460 Year Fed Funds	.....	11.5000
465		